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LEGISLATIVE HISTORY

Public Law 173--79th Congress

Chapter 341--1st Session

H. R. 3771

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DIGEST OF PUBLIC LAW 173

EXPORT-IMPORT BANK ACT OF 1945. Continues this Bank as a U. S. agency. Provides that the Board of Directors shall consist of the Foreign Economic Administrator (chairman), the Secretary of State, and three persons appointed by the President and confirmed by the Senate. Establishes the Bank as an independent Government agency. Authorizes a capital stock of \$1,000,000,000. Authorizes issuance of obligations, for purchase by the Secretary of the Treasury, of not to exceed \$2,500,000,000. Provides that the Bank shall not have outstanding at any one time obligations in excess of $3\frac{1}{2}$ times the authorized capital stock.

INDEX AND SUMMARY OF HISTORY ON H. R. 3771

June 13, 1945 H. R. 3464 introduced by Mr. Wolcott and referred to the Committee on Banking and Currency. (Similar bill).

June 18, 1945 H. R. 3490 introduced by Mr. Spence and referred to the Committee on Banking and Currency. (Companion bill).

June 21, 1945 S. 1161 introduced by Mr. Wagner and referred to the Committee on Banking and Currency. (Similar bill).

July 11, 1945 Hearings: House, H. R. 3464, H. R. 3490 and H. R. 3771.

July 12, 1945 H. R. 3771 introduced by Mr. Spence and referred to the Committee on Banking and Currency. House Committee reported without amendment, House Report 911. Print of the bill as reported. House Res. 321 submitted for the consideration of H. R. 3771. House Report 921.

July 13, 1945 Debated and passed House without amendment. House agreed to resolution for the consideration of this bill.

July 16, 1945 H. R. 3771 referred to Senate Banking and Currency Committee. Print of the bill as referred to the Committee.

July 17, 1945 Hearings: Senate, H. R. 3771.

July 19, 1945 Senate Committee reported on H. R. 3771 without amendment. Senate Report 490. Print of the bill as reported.

July 20, 1945 Debated in Senate and passed without amendment.

July 31, 1945 Approved. Public Law 173.

79TH CONGRESS
1ST SESSION

H. R. 3464

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1945

Mr. WOLCOTT introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for the management of the Export-Import Bank of Washington, to provide for the capital thereof, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) the management of the Export-Import Bank of
4 Washington shall be vested in a Board of Directors con-
5 sisting of five persons appointed by the President of the
6 United States by and with the advice and consent of the
7 Senate. Of the five members of the Board, not more than
8 three shall be members of any one political party. Each
9 director shall devote his time not otherwise required, by
10 the business of the United States principally to the business

1 of the corporation. Before entering upon his duties each
2 of the directors so appointed and each officer of the corpora-
3 tion shall take an oath faithfully to discharge the duties
4 of his office. The terms of the directors appointed by the
5 President of the United States shall be five years. The
6 terms of the first of the directors so appointed shall run
7 from the date of appointment until June 30, 1950. When-
8 ever a vacancy shall occur among the directors so appointed
9 the person appointed to fill such vacancy shall hold office
10 for the unexpired portion of the term of the director whose
11 place he is selected to fill. The President shall designate
12 one of the Board of Directors of the corporations appointed
13 as hereinbefore provided as Chairman, and he shall re-
14 ceive a salary at the rate of \$12,000 per annum. Each
15 of the other directors of the corporation so appointed shall
16 receive salaries at the rate of \$10,000 per annum each. No
17 director, officer, attorney, agent, or employee of the corpora-
18 tion shall in any manner, directly or indirectly, participate
19 in the deliberation upon or the determination of any question
20 affecting his personal interests, or the interests of any cor-
21 poration, partnership, or association in which he is directly
22 or indirectly interested.

23 (b) A majority of the Board of Directors shall con-
24 stitute a quorum.

25 (c) The Board of Directors shall adopt such bylaws

1 as are necessary for the proper management and functioning
2 of the Export-Import Bank of Washington, and may amend
3 the same, and may provide for the appointment of such
4 officers as are necessary from the Board of Directors or
5 otherwise.

6 (d) Except as they may be in conflict with the pro-
7 visions of subsection (a) of this section, the provisions of
8 all Acts and Executive orders in respect to the Export-
9 Import Bank of Washington in force upon the effective
10 date of this Act shall remain in full force and effect until
11 and unless the Congress shall otherwise by law provide.

12 (e) The Board of Directors created in subsection (a)
13 of this section shall succeed to all of the powers, functions,
14 rights, and immunities vested in the board of trustees of
15 the Export-Import Bank of Washington created in Execu-
16 tive Order 9361, dated July 15, 1943, and all of the stock,
17 capital, rights, functions, privileges, obligations, and im-
18 munities of such board of trustees is hereby transferred
19 to such Board of Directors.

20 (f) No functions, powers, or duties of the Export-
21 Import Bank of Washington except as provided in Executive
22 Order 9361, dated July 15, 1943, and Executive Order 9380,
23 dated September 15, 1943, shall be transferred to or consoli-
24 dated with any other department, agency, or corporation of

1 the Government unless the Congress shall otherwise by law
2 provide.

3 SEC. 2. In addition to existing charter powers, and with-
4 out limitation as to the total amount of obligations thereto of
5 any borrower, endorser, acceptor, obligor, or guarantor at any
6 time outstanding, said banking corporation is hereby author-
7 ized and empowered to make loans, to discount or guarantee
8 notes, drafts, bills of exchange, and other evidences of debt
9 when adequately secured and participate in the same, for the
10 purpose of aiding in the financing and facilitating of exports
11 and imports and the exchange of commodities between the
12 United States and any of its Territories and insular possessions
13 and any foreign country or the agencies or nationals thereof,
14 to borrow money and rediscount notes, drafts, bills of ex-
15 change, and other evidences of debt for the purposes aforesaid.

16 SEC. 3. (a) The total capital of the Export-Import
17 Bank of Washington shall be \$1,100,000,000, which shall
18 be subscribed by the Treasury of the United States and shall
19 be subject to be paid in upon call by the Export-Import
20 Bank of Washington.

21 (b) The Treasury of the United States shall when
22 requested by the Export-Import Bank of Washington pur-
23 chase from time to time debentures or other acceptable
24 obligations of the Export-Import Bank of Washington in
25 an amount not in excess of its paid-in capital.

1 (c) The Export-Import Bank of Washington shall not
2 have outstanding at any time loans and guaranties in excess
3 of \$2,200,000,000.

4 SEC. 4. Notwithstanding the provisions of the Act of
5 April 13, 1934 (48 Stat., ch. 112, p. 574), any person,
6 including any individual, partnership, corporation, or asso-
7 ciation, may engage in participation with or with the guar-
8 anty, in whole or in part, of the Export-Import Bank of
9 Washington in any transaction authorized by this Act.

10 SEC. 5. All Acts and Executive orders or parts of the
11 same which are in conflict with the provisions of this Act
12 are hereby repealed and rescinded.

A BILL

To provide for the management of the Export-Import Bank of Washington, to provide for the capital thereof, and for other purposes.

By Mr. Wolcott

JUNE 13, 1945

Referred to the Committee on Banking and Currency

79TH CONGRESS
1ST SESSION

H. R. 3490

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 1945

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 9 of the Act of January 31, 1935 (49 Stat. 4,
4 ch. 2), as amended, is further amended to read as follows:

5 “SEC. 9. Notwithstanding any other provision of law,
6 the Export-Import Bank of Washington, District of Colum-
7 bia, a banking corporation organized under the laws of the
8 District of Columbia as an agency of the United States,
9 pursuant to Executive order of the President, shall continue,
10 until the close of business on January 22, 1957, or such

1 earlier date as may be fixed by the President by Executive
2 order, to be an agency of the United States, and in addition
3 to existing charter powers, and without limitation as to the
4 total amount of obligations thereto of any borrower, endorser,
5 acceptor, obligor, or guarantor at any time outstanding, said
6 banking corporation is hereby authorized and empowered
7 to discount notes, drafts, bills of exchange, and other evi-
8 dences of debt for the purpose of aiding in the financing and
9 facilitating exports and imports and the exchange of com-
10 modities between the United States and any of its Terri-
11 tories and insular possessions and any foreign country or the
12 agencies or nationals thereof, and to borrow money and re-
13 discount notes, drafts, bills of exchange, and other evidences
14 of debt for the purposes aforesaid. During the continuance
15 of such agency, it is hereby authorized to use all of its assets,
16 including capital and net earnings therefrom, and to use all
17 moneys which have been or may hereafter be allocated to
18 or borrowed by it, in the exercise of its functions as such
19 agency.”

20 SEC. 2. Export-Import Bank of Washington shall have a
21 capital stock of \$1,000,000,000 subscribed by the United
22 States of America, payment for which shall be subject to
23 call at any time in whole or in part by the Board of Trustees
24 of the Bank. Payment for \$1,000,000 of such capital stock
25 shall be made by the surrender to the Bank for cancellation

1 of the common stock heretofore issued by the Bank and
2 purchased by the United States of America. For the pur-
3 pose of making the balance of the payments, including the
4 payment to Reconstruction Finance Corporation provided
5 for in section 3 of this Act, the Secretary of the Treasury
6 is authorized to use as a public debt transaction the proceeds
7 of any securities hereafter issued under the Second Liberty
8 Bond Act, as amended, and the purposes for which securities
9 may be issued under that Act are extended to include such
10 purpose. Payment under this section of the subscription
11 of the United States to the Bank and repayments thereof
12 shall be treated as public debt transactions of the United
13 States. Certificates evidencing stock ownership of the
14 United States of America shall be issued by the Bank to the
15 President of the United States or to such other person or
16 persons as he may designate from time to time to the
17 extent of payments by the United States of America and for
18 the surrender of common stock heretofore issued.

19 SEC. 3. All of the common stock and all of the preferred
20 stock heretofore issued by Export-Import Bank of Wash-
21 ington shall be transferred by whomsoever held to the
22 Secretary of the Treasury. The Secretary of the Treasury
23 shall pay to Reconstruction Finance Corporation the par
24 value of the preferred stock, such payment to constitute a
25 payment to the Bank under the provisions of section 2 of

1 this Act. Any dividends on the preferred stock accumulated
2 and unpaid to the date of its surrender to the Secretary of
3 the Treasury shall be paid to Reconstruction Finance Cor-
4 poration by the Bank. The Secretary of the Treasury shall
5 surrender all common and preferred stock to the Bank for
6 cancellation and the Bank shall issue to the President of
7 the United States or to such person or persons as he may
8 designate a certificate as provided for in the foregoing
9 section, which shall evidence stock ownership of the United
10 States of America to the aggregate amount of the par value
11 of the common and preferred stock so surrendered.

12 SEC. 4. Export-Import Bank of Washington is author-
13 ized to issue from time to time for purchase by the Secre-
14 tary of the Treasury its notes, debentures, bonds, or such
15 other obligations: *Provided, however,* That the aggregate
16 amount of such obligations outstanding at any one time
17 shall not exceed two and one-half times the subscribed
18 capital stock of the Bank. Such obligations shall be re-
19 deemable at the option of the Bank before maturity in such
20 manner as may be stipulated in such obligations and shall
21 have such maturity and bear such rate of interest as may be
22 determined by the Board of Trustees of the Bank with the
23 approval of the Secretary of the Treasury. Such obligations
24 may mature subsequent to January 22, 1957. The Secre-

1 tary of the Treasury is hereby authorized and directed to
2 purchase any obligations of the Bank issued hereunder and
3 for such purpose the Secretary of the Treasury is authorized
4 to use as a public debt transaction the proceeds of any
5 securities hereafter issued under the Second Liberty Bond
6 Act, as amended, and the purposes for which securities
7 may be issued under that Act are extended to include such
8 purpose. Payment under this section of the purchase price
9 of such obligations of the Bank and repayments thereof
10 by the Bank shall be treated as public debt transactions of
11 the United States.

12 SEC. 5. Export-Import Bank of Washington shall not
13 have outstanding at any one time loans and guaranties in an
14 aggregate amount in excess of three and one-half times the
15 subscribed capital stock of the Bank.

16 SEC. 6. The provisions of the existing charter of Export-
17 Import Bank of Washington relating to capital stock are
18 superseded by the provisions of this Act and the Bank shall
19 be exempt from compliance with any provisions of law re-
20 lating to the retirement or increase of stock of District of
21 Columbia corporations and from the payment of any fee
22 or tax to the Recorder of Deeds of the District of Columbia
23 determined upon the value or amount of capital stock of the
24 bank or any increase thereof. Except as they may be in con-

1 flict with the provisions of this Act the provisions of all
2 Acts with respect to Export-Import Bank of Washington
3 shall remain in full force and effect.

4 SEC. 7. The Export-Import Bank of Washington shall
5 transmit to the Congress semiannually a complete and de-
6 tailed report of operations under this Act. The report shall
7 be as of the close of business on June 30 and December 31
8 of each year.

9 SEC. 8. The Act of April 13, 1934 (48 Stat. 574, ch.
10 112), is hereby repealed.

79TH CONGRESS
1ST SESSION

H. R. 3490

A BILL

To provide for increasing the lending authority
of the Export-Import Bank of Washington,
and for other purposes.

By Mr. SPENCE

JUNE 18, 1945

Referred to the Committee on Banking and Currency

79TH CONGRESS
1ST SESSION

S. 1181

IN THE SENATE OF THE UNITED STATES

JUNE 21, 1945

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 9 of the Act of January 31, 1935 (49 Stat.
4 4, ch. 2), as amended, is further amended to read as follows:
5 “SEC. 9. Notwithstanding any other provision of law,
6 the Export-Import Bank of Washington, District of Colum-
7 bia, a banking corporation organized under the laws of the
8 District of Columbia as an agency of the United States,
9 pursuant to Executive order of the President, shall continue,
10 until the close of business on January 22, 1957, or such

1 earlier date as may be fixed by the President by Executive
2 order, to be an agency of the United States, and in addition
3 to existing charter powers, and without limitation as to the
4 total amount of obligations thereto of any borrower, en-
5 dorser, acceptor, obligor, or guarantor at any time outstand-
6 ing, said banking corporation is hereby authorized and em-
7 powered to discount notes, drafts, bills of exchange, and
8 other evidences of debt for the purpose of aiding in the
9 financing and facilitating exports and imports and the ex-
10 change of commodities between the United States and any
11 of its Territories and insular possessions and any foreign
12 country or the agencies or nationals thereof, and to borrow
13 money and rediscount notes, drafts, bills of exchange, and
14 other evidences of debt for the purposes aforesaid. During
15 the continuance of such agency, it is hereby authorized to
16 use all of its assets, including capital and net earnings there-
17 from, and to use all moneys which have been or may here-
18 after be allocated to or borrowed by it, in the exercise of
19 its functions as such agency.”

20 SEC. 2. Export-Import Bank of Washington shall have
21 a capital stock of \$1,000,000,000 subscribed by the United
22 States of America, payment for which shall be subject to
23 call at any time in whole or in part by the Board of Trustees
24 of the bank. Payment for \$1,000,000,000 of such capital
25 stock shall be made by the surrender to the bank for can-

1 cellation of the common stock heretofore issued by the bank
2 and purchased by the United States of America. For the
3 purpose of making the balance of the payments, including
4 the payment to Reconstruction Finance Corporation pro-
5 vided for in section 3 of this Act, the Secretary of the
6 Treasury is authorized to use as a public debt transaction
7 the proceeds of any securities hereafter issued under the
8 Second Liberty Bond Act, as amended, and the purposes
9 for which securities may be issued under that Act are ex-
10 tended to include such purpose. Payment under this section
11 of the subscription of the United States to the bank and
12 repayments thereof shall be treated as public debt transac-
13 tions of the United States. Certificates evidencing stock
14 ownership of the United States of America shall be issued
15 by the bank to the President of the United States or to such
16 other person or persons as he may designate from time to
17 time to the extent of payments by the United States of
18 America and for the surrender of common stock heretofore
19 issued.

20 SEC. 3. All of the common stock and all of the preferred
21 stock heretofore issued by Export-Import Bank of Wash-
22 ington shall be transferred by whomsoever held to the Secre-
23 tary of the Treasury. The Secretary of the Treasury shall
24 pay to Reconstruction Finance Corporation the par value
25 of the preferred stock, such payment to constitute a payment

1 to the bank under the provisions of section 2 of this Act.
2 Any dividends on the preferred stock accumulated and un-
3 paid to the date of its surrender to the Secretary of the
4 Treasury shall be paid to Reconstruction Finance Corpo-
5 ration by the bank. The Secretary of the Treasury shall
6 surrender all common and preferred stock to the bank for
7 cancellation and the bank shall issue to the President of
8 the United States or to such person or persons as he may
9 designate a certificate as provided for in the foregoing sec-
10 tion, which shall evidence stock ownership of the United
11 States of America to the aggregate amount of the par value
12 of the common and preferred stock so surrendered.

13 SEC. 4. Export-Import Bank of Washington is author-
14 ized to issue from time to time for purchase by the Secre-
15 tary of the Treasury its notes, debentures, bonds; or such
16 other obligations: *Provided, however,* That the aggregate
17 amount of such obligations outstanding at any one time
18 shall not exceed two and one-half times the subscribed
19 capital stock of the bank. Such obligations shall be redeem-
20 able at the option of the bank before maturity in such man-
21 ner as may be stipulated in such obligations and shall have
22 such maturity and bear such rate of interest as may be de-
23 termined by the Board of Trustees of the bank with the
24 approval of the Secretary of the Treasury. Such obligations
25 may mature subsequent to January 22, 1957. The Secre-

1 tary of the Treasury is hereby authorized and directed to
2 purchase any obligations of the bank issued hereunder and
3 for such purpose the Secretary of the Treasury is authorized
4 to use as a public debt transaction the proceeds of any
5 securities hereafter issued under the Second Liberty Bond
6 Act, as amended, and the purposes for which securities may
7 be issued under that Act are extended to include such pur-
8 pose. Payment under this section of the purchase price
9 of such obligations of the bank and repayments thereof by
10 the bank shall be treated as public debt transactions of the
11 United States.

12 SEC. 5. Export-Import Bank of Washington shall not
13 have outstanding at any one time loans and guaranties
14 in an aggregate amount in excess of three and one-half
15 times the subscribed capital stock of the bank.

16 SEC. 6. The provisions of the existing charter of Ex-
17 port-Import Bank of Washington relating to capital stock
18 are superseded by the provisions of this Act and the bank
19 shall be exempt from compliance with any provisions of law
20 relating to the retirement or increase of stock of District
21 of Columbia corporations and from the payment of any fee
22 or tax to the Recorder of Deeds of the District of Columbia
23 determined upon the value or amount of capital stock of
24 the bank or any increase thereof. Except as they may be
25 in conflict with the provisions of this Act, the provisions of

1 all Acts with respect to Export-Import Bank of Washing-
2 ton shall remain in full force and effect.

3 SEC. 7. The Export-Import Bank of Washington shall
4 transmit to the Congress semiannually a complete and de-
5 tailed report of operations under this Act. The report shall
6 be as of the close of business on June 30 and December
7 31 of each year.

8 SEC. 8. The Act of April 13, 1934 (48 Stat. 574, ch.
9 112), is hereby repealed.

A BILL

To provide for increasing the lending authority
of the Export-Import Bank of Washington,
and for other purposes.

By Mr. WAGNER

JUNE 21, 1945

Read twice and referred to the Committee on
Banking and Currency

HEARINGS
BEFORE THE
COMMITTEE ON BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES
SEVENTY-NINTH CONGRESS
FIRST SESSION

ON
H. R. 3464 and H. R. 3490
SUPERSEDED BY
H. R. 3771

A BILL TO PROVIDE FOR INCREASING THE LENDING
AUTHORITY OF THE EXPORT-IMPORT BANK OF
WASHINGTON, AND FOR OTHER PURPOSES

JULY 11 AND 12, 1945

Printed for the use of the Committee on Banking and Currency



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CLARENCE E. KILBURN, New York
HOWARD H. BUFFETT, Nebraska
D. EMMERT BRUMBAUGH, Pennsylvania

WALLACE E. DINGUS, *Clerk*

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EXPORT-IMPORT BANK ACT OF 1945

WEDNESDAY, JULY 11, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Brent Spence (chairman) presiding.

The CHAIRMAN. We are considering this morning H. R. 3490. Mr. Wolcott has also introduced a bill, H. R. 3464; but H. R. 3490 is the administration bill and we will consider that. It is a bill "To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes."

As I understand it, this bill has been approved by the Foreign Economic Administration, by the State Department, and by the Treasury Department.

(The bills referred to are as follows:)

[H. R. 3464, 79th Cong., 1st sess.]

A BILL To provide for the management of the Export-Import Bank of Washington, to provide for the capital thereof, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the Board, not more than three shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. The terms of the directors appointed by the President of the United States shall be five years. The terms of the first of the directors so appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy shall occur among the directors so appointed the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The President shall designate one of the Board of Directors of the corporations appointed as hereinbefore provided as Chairman, and he shall receive a salary at the rate of \$12,000 per annum. Each of the other directors of the corporation so appointed shall receive salaries at the rate of \$10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

(b) A majority of the Board of Directors shall constitute a quorum.

(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same, and may provide for the appointment of such officers as are necessary from the Board of Directors or otherwise.

(d) Except as they may be in conflict with the provisions of subsection (a) of this section, the provisions of all Acts and Executive orders in respect to the

Export-Import Bank of Washington in force upon the effective date of this Act shall remain in full force and effect until and unless the Congress shall otherwise by law provide.

(e) The Board of Directors created in subsection (a) of this section shall succeed to all of the powers, functions, rights, and immunities vested in the board of trustees of the Export-Import Bank of Washington created in Executive Order 9361, dated July 15, 1943, and all of the stock, capital, rights, functions, privileges, obligations, and immunities of such board of trustees is hereby transferred to such Board of Directors.

(f) No functions, powers, or duties of the Export-Import Bank of Washington except as provided in Executive Order 9361, dated July 15, 1943, and Executive Order 9380, dated September 15, 1943, shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

SEC. 2. In addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, said banking corporation is hereby authorized and empowered to make loans, to discount or guarantee notes, drafts, bills of exchange, and other evidences of debt when adequately secured and participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt for the purposes aforesaid.

SEC. 3. (a) The total capital of the Export-Import Bank of Washington shall be \$1,100,000,000, which shall be subscribed by the Treasury of the United States and shall be subject to be paid in upon call by the Export-Import Bank of Washington.

(b) The Treasury of the United States shall when requested by the Export-Import Bank of Washington purchase from time to time debentures or other acceptable obligations of the Export-Import Bank of Washington in an amount not in excess of its paid-in capital.

(c) The Export-Import Bank of Washington shall not have outstanding at any time loans and guaranties in excess of \$2,200,000,000.

SEC. 4. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may engage in participation with or with the guaranty, in whole or in part, of the Export-Import Bank of Washington in any transaction authorized by this Act.

SEC. 5. All Acts and Executive orders or parts of the same which are in conflict with the provisions of this Act are hereby repealed and rescinded.

[H. R. 3490, 79th Cong., 1st sess.]

A BILL To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is further amended to read as follows:

"SEC. 9. Notwithstanding any other provision of law, the Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, pursuant to Executive order of the President, shall continue, until the close of business on January 22, 1957, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, said banking corporation is hereby authorized and empowered to discount notes, drafts, bills of exchange, and other evidences of debt for the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof, and to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt for the purposes aforesaid. During the continuance of such agency, it is hereby authorized to use all of its assets, including capital and net

earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency."

SEC. 2. Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States of America, payment for which shall be subject to call at any time in whole or in part by the Board of Trustees of the Bank. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States of America. For the purpose of making the balance of the payments, including the payment to Reconstruction Finance Corporation provided for in section 3 of this Act, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public debt transactions of the United States. Certificates evidencing stock ownership of the United States of America shall be issued by the Bank to the President of the United States or to such other person or persons as he may designate from time to time to the extent of payments by the United States of America and for the surrender of common stock heretofore issued.

SEC. 3. All of the common stock and all of the preferred stock heretofore issued by Export-Import Bank of Washington shall be transferred by whomsoever held to the Secretary of the Treasury. The Secretary of the Treasury shall pay to Reconstruction Finance Corporation the par value of the preferred stock, such payment to constitute a payment to the Bank under the provisions of section 2 of this Act. Any dividends on the preferred stock accumulated and unpaid to the date of its surrender to the Secretary of the Treasury shall be paid to Reconstruction Finance Corporation by the Bank. The Secretary of the Treasury shall surrender all common and preferred stock to the Bank for cancellation and the Bank shall issue to the President of the United States or to such person or persons as he may designate a certificate as provided for in the foregoing section, which shall evidence stock ownership of the United States of America to the aggregate amount of the par value of the common and preferred stock so surrendered.

SEC. 4. Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or such other obligations: *Provided, however,* That the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the subscribed capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Trustees of the Bank with the approval of the Secretary of the Treasury. Such obligations may mature subsequent to January 22, 1957. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public debt transactions of the United States.

SEC. 5. Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the subscribed capital stock of the Bank.

SEC. 6. The provisions of the existing charter of Export-Import Bank of Washington relating to capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the bank or any increase thereof. Except as they may be in conflict with the provisions of this Act the provisions of all Acts with respect to Export-Import Bank of Washington shall remain in full force and effect.

SEC. 7. The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of operations under this Act. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 8. The Act of April 13, 1934 (48 Stat. 574, ch. 112), is hereby repealed.

(These two bills were later superseded by H. R. 3771 which reads as follows:)

[H. R. 3771, 79th Cong., 1st sess.; Union Calendar No. 277, Rept. No. 911]

A BILL To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945".

SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. The bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency.

(b) It is the policy of the Congress that the bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the bank. Before entering upon his duties each of the directors so appointed and each officer of the bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of \$12,000 per annum, unless he is an officer of the bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

(b) A majority of the Board of Directors shall constitute a quorum.

(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

(d) There shall be an advisory board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The advisory board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the advisory board on major questions of policy.

(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the bank shall continue to be managed by the existing Board of Trustees.

(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

SEC. 4. The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the bank for cancellation of the common stock heretofore issued by the bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the bank for cancellation of the preferred stock heretofore issued by the bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the bank to the President of the United States, or to such other person or persons as he may designate from time to time, to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the bank under this section.

SEC. 5. (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the bank.

SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the bank. Such obligations shall be redeemable at the option of the bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the bank and repayments thereof by the bank shall be treated as public-debt transactions of the United States.

SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the bank.

SEC. 8. The provisions of the existing charter of the bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the bank or any increase thereof.

SEC. 9. The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the bank.

The CHAIRMAN. Mr. Crowley, you may proceed.

(The following is a prepared statement submitted by Mr. Crowley:)

STATEMENT OF HON. LEO T. CROWLEY, CHAIRMAN, BOARD OF TRUSTEES, EXPORT-IMPORT BANK OF WASHINGTON BEFORE HOUSE BANKING AND CURRENCY COMMITTEE, JULY 11, 1945

I am very glad to have this opportunity to appear before your committee to advocate an increase in the lending authority of the Export-Import Bank.

The bill which you have under consideration would make five essential changes in the legislation governing the operations of the Export-Import Bank as follows:

(a) Raise the limit on outstanding loans and guaranties of the bank from \$700,000,000 to \$3,500,000,000;

(b) Remove the prohibition on loans by the bank to any government in default upon the payment of its obligations to the Government of the United States on April 13, 1934, repeal the act of the same date prohibiting loans by private persons to such governments, and eliminate certain other restrictions which appear obsolete or unimportant;

(c) Extend the life of the bank beyond the present termination date of January 22, 1947;

(d) Provide for semiannual reports by the bank to Congress; and

(e) Provide for the purchase by the Treasury of \$1,000,000,000 of capital stock, the retirement of present common and preferred stock, and the purchase by the Treasury of obligations of the bank to the extent of two and one-half times the capital stock.

An increase in the lending authority of the bank is necessary for several reasons. As of June 15, 1945, the sum of the outstanding loans and undisbursed commitments of the bank was \$583,000,000, or only \$117,000,000 less than the maximum amount of loans which it may have outstanding under existing legislation. Loans now under active negotiation will entirely absorb this margin. A number of other projects are in the discussion stage but are being held in abeyance because of lack of funds. An increase in the lending authority of the bank is therefore urgently needed if it is to meet the anticipated heavy demands that will be made upon it as the foreign trade of the United States is adjusted to peacetime conditions.

The United States has before it an unusually favorable opportunity to maintain its foreign trade at high levels and at the same time ease the problems of reconversion at home and assist in the reconstruction and further development of the economies of foreign countries. The expansion in manufacturing capacity in the United States during the war has been concentrated in heavy industry. It is heavy industry, therefore, which faces the most severe problems of reconversion in the period which lies immediately ahead unless substantial foreign outlets for its products can be found.

On the other hand, foreign demands for United States products will also be heavily concentrated during this period on the products of heavy industry, and for many of them the United States will be the only immediate source of supply. Thus, if private and governmental financing is available on appropriate terms,

large exports of these products can be carried out to mutual advantage. It is to be hoped that most of this financing will be arranged through private channels; but it is certain that a considerable amount of government assistance will be required especially in financing exports of capital equipment, which must be sold on terms which take account of the time required for installing it and getting it into operation.

As I indicated in my recent statement to the House Appropriations Committee on lend-lease appropriations for 1946, lend-lease aid will continue to be furnished as in the past for the sole purpose of promoting the defense of the United States and aiding in the most effective prosecution of the war. Lend-lease aid will not be furnished to assist in the task of relief, rehabilitation and reconstruction in Europe or elsewhere. Assistance to our allies for reconstruction must be provided by another mechanism.

Our appropriation request for lend-lease for 1946 was based on the assumption that Congress would expand the lending authority of the Export-Import Bank in such a manner as to permit the financing of portions of the so-called 3 (c) agreements for the delivery of industrial equipment and supplies to France, Belgium, and the Netherlands, provision for which was not made in our appropriation request because of changed war conditions.

I should like to repeat in substance what I recently stated to the House Committee on Appropriations regarding the role of the Export-Import Bank in the rehabilitation of the liberated countries of Europe: The prime responsibility for the rehabilitation of these countries must rest on their own governments and be carried out by the use of their own resources. However, the United States cannot escape the obligation of helping the liberated countries to help themselves. Moreover, by so doing we will unquestionably serve our own interests.

Considered alone, the proposed increase of \$2,800,000,000 in the lending authority of the Export-Import Bank would fall far short of financing the purchase of all of the materials and equipment required from the United States for the reconstruction of war-devastated countries. It is believed, however, that this amount may suffice to finance on a sound basis essential exports for reconstruction and other purposes during the present fiscal year. As a result of the experience gained during the current year, both the character and scope of the demands for the bank's credit facilities can be more accurately determined.

This committee and the House, as well as the Banking and Currency Committee of the Senate, have now approved legislation authorizing the participation of the United States in the proposed International Bank for Reconstruction and Development, which will provide large-scale and long-term credits to foreign countries. It may be many months, however, before the International Bank is in effective operation. In the meantime, the Export-Import Bank will be the only agency in a position to extend dollar credits for the purpose of financing exports in connection with reconstruction and development projects abroad.

This committee has wisely provided in the Bretton Woods legislation for a National Advisory Council to coordinate the policies and operations of the representatives of the United States on the International Bank and Monetary Fund with those of the Export-Import Bank and all other national agencies which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions. As you know, the Chairman of the Board of the Export-Import Bank will be a member of the council. In this capacity he will both keep the council fully informed of the bank's activities and be kept fully informed of its policy decisions affecting the bank's operations.

The Export-Import Bank will continue as in the past to pursue its major objective of facilitating the foreign trade of the United States either directly through the financing of specific export and import transactions or indirectly through assisting in the development of the resources of foreign countries in order that they may become better markets for American products and better suppliers of imports to the United States. Consistent with this policy, the Export-Import Bank can also assist during the initial period of reconstruction in Europe in the financing of selected key facilities which are urgently necessary to economic recovery.

The second major purpose of the proposed legislation—that is, the removal of the prohibition on loans by the bank to certain governments in default on their obligations to the United States Government, is necessary if the bank is to be in a position to assist American exporters in reopening important markets in a number of European countries. The repeal of the act of April 13, 1934, is necessary if private banks are to participate with the Export-Import Bank in financing trade with these countries.

The extension of the life of the Export-Import Bank is required in order that it may be in a position to assist effectively in financing our international trade during the critical period which lies ahead.

The provision for a semiannual report by the bank to Congress requires no comment. It would be the intention of the bank to make these reports of such a character that they could serve also for the information of the general public, to which in the last analysis the bank is responsible.

The proposed change in the method by which the Export-Import Bank obtains its capital and other funds is recommended on the score of simplicity. The suggested method closely resembles that by which the Reconstruction Finance Corporation now obtains its funds.

I strongly urge the committee to give its approval to H. R. 3490 in order that the Export-Import Bank may give adequate and prompt assistance to the financing of our foreign trade during this crucial period of reconversion at home and reconstruction abroad.

STATEMENT OF LEO CROWLEY, FOREIGN ECONOMIC ADMINISTRATOR, ACCOMPANIED BY OSCAR COX, DEPUTY ADMINISTRATOR, FOREIGN ECONOMIC ADMINISTRATION; WAYNE-CHATFIELD TAYLOR, PRESIDENT, EXPORT-IMPORT BANK; HAWTHORNE AREY, GENERAL COUNSEL, EXPORT-IMPORT BANK; AUGUST MAFFRY, ECONOMIC ADVISER, EXPORT-IMPORT BANK; JAMES ANGELL, DIRECTOR OF ECONOMIC PROGRAMS, FOREIGN ECONOMIC ADMINISTRATION; AND A. E. DAVIDSON, GENERAL COUNSEL, FOREIGN ECONOMIC ADMINISTRATION

Mr. CROWLEY. Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear before your committee and endorse the legislation increasing the lending authority of the Export-Import Bank from \$700,000,000 to \$3,500,000,000.

There are five particular changes that we recommend the committee consider:

(1) Increase the limit on the amount of outstanding loans and guaranties;

(2) Remove the prohibition on loans by the bank to any government in default and the restriction on loans by private persons to such governments;

(3) Extend the life of the Export-Import Bank beyond the present termination date of January 22, 1947;

(4) Provide for semiannual reports by the bank to Congress; and

(5) In determining the increase, we have set up \$1,000,000,000 of capital stock, which provides for the retirement of the present common and preferred stock, the payment for the new stock, and the purchase of the obligations of the bank by the Treasury up to 2½ times the capital stock.

The manner of providing for the capital stock and for the borrowing is directly from the Treasury, as is the custom of other Government corporations. Up to this time, the bank has been borrowing its money from the Reconstruction Finance Corporation.

The bank, under its capital structure, is now permitted to make loans up to \$700,000,000. It has outstanding \$583,000,000 of loans and undisbursed commitments, which leaves a loanable balance of \$117,000,000, which would be all absorbed by loans under negotiation and we would not be in a position to meet any of our demands if we did not get an increase in lending authority.

There are no particular changes in the law other than the ones I have pointed out.

I would like to say this, that I think it is necessary that we get action on the Export-Import Bank as rapidly as possible, and especially before the Congress adjourns for any recess vacation.

When we appeared before the Appropriations Committees on lend-lease, we stated emphatically that lend-lease was an appropriation that would be used exclusively for assisting our allies in the prosecution of the war, and was not to be used as a means of postwar rehabilitation of any of these countries. Lend-lease, it is contemplated, other than for the countries that are directly engaged in the war against Japan, will rapidly come to a close. The vehicle that this country has for postwar rehabilitation to supplement the work of lend-lease for war purposes is the Export-Import Bank.

I know I do not have to go into a lot of detail to impress this committee with the importance of making available some funds for this bank to take care of our export trade which will be so vital to our employment and reconversion program during the next few years. In addition to the importance of building up our export trade, it is necessary that we have funds available to assist these countries that have been destroyed by war, either economically or by the military, in order that they may have some funds from this country, some credits, to be used in their rehabilitation.

I feel that the first responsibility for the rehabilitation of these countries must be the responsibility of the local governments themselves and of their own peoples. I feel they must show a willingness and initiative to meet their own problems; but I feel that our Government, after these countries have shown that willingness should assist those governments, when we can on a sound basis, to help themselves economically in order that they may get back on a sound financial basis.

I believe the \$2,800,000,000 of additional money that this will make available will take care of any reasonable demands that will be made upon us during the next year, subject, of course, to any special requests that would have to be considered by the Congress.

Mr. BROWN. You are asking for \$3,500,000,000, are you not?

Mr. CROWLEY. Yes; but that \$2,800,000,000 is the additional amount. We have \$700,000,000 now.

The law provides for reporting the operations of the bank to the Congress each 6 months. I believe after a year's operation, with the increased authority, that the Congress would be in a better position to determine to what extent it wishes to authorize additional loans to foreign governments.

I believe that those loans should be made as much as possible for materials and articles that can be purchased in these United States. By doing so, it will assist our export trade and aid in our whole reconversion problem.

I cannot impress upon the committee too much the importance to the United States, of assisting these countries where it can on a sound financial basis, in order that they may get themselves back to some kind of a normal condition. I think that we must, if we are not going to lose all of the benefits we have gained from this victory, make this money available as quickly as possible in order that we can help these people. There are many countries that have no way of securing

any credit at all until this bill is passed and these funds are made available to us.

I do not know of anything more, Mr. Chairman, that I can add. I will be very happy to answer any questions.

I might say it is contemplated, under the Export-Import authority, that we will let Belgium; Holland, and France have some credit under the Export-Import Bank to pick up some of the items in the lend-lease 3 (c) agreements with these countries for which lend-lease funds were not included in our lend-lease appropriation request, hoping that we may be able to wind up lend-lease to these countries that much earlier.

I will be very happy, Mr. Chairman, to answer any questions; but, before doing that, I understand Randolph Burgess, president of the American Bankers Association, will be here tomorrow morning. I talked with Mr. Burgess several times. I have also talked with Mr. Hemingway, who is chairman of the committee which made a report on the Export-Import Bank for the American Bankers Association; I have also talked with Robert Fleming, who is the head of the Reserve City Bankers Association. My understanding, in talking with these gentlemen, is that they all endorse the necessity for increasing the amount of money to be made available for the Export-Import Bank.

The CHAIRMAN. I understand they formerly endorsed it at their convention in Toledo.

Mr. CROWLEY. That is correct; but Mr. Hemingway told me last week I could say to the committee that he cannot get here because of transportation, but I could say that he, as chairman of that committee, endorsed it. And Robert Fleming, who has not been well, said he was sorry he had to be out of town, but he was also willing to go on record for increasing the amount of the lending authority of the Export-Import Bank. Mr. Hemingway and Mr. Fleming did not know the precise amount of money they wanted to endorse, but they did want to endorse the necessity for increasing the amount.

The CHAIRMAN. If there is any opposition to a bill, the Banking and Currency Committee is usually apprised of that fact, and I have not heard of any opposition at all to this bill.

Mr. CROWLEY. I have never heard of any opposition to increasing the amount of money for the Export-Import Bank. I think it is very vital to our export trade that it be done, and done as rapidly as possible.

The CHAIRMAN. The lend-lease funds are exhausted, are they not?

Mr. CROWLEY. They are not exhausted. We have an appropriation for the year 1945 and 1946, but it does not include any funds for this purpose.

The CHAIRMAN. Are there any questions?

Mr. CRAWFORD. Mr. Crowley, does this bill remove the present prohibitions against our private citizens making loans to countries that are in default?

Mr. CROWLEY. That is my understanding.

Mr. COX. It does; yes, sir.

Mr. CRAWFORD. And it extends the life of the corporation to January 22, 1957. Why do you select the January 22 date?

Mr. CROWLEY. I do not know that there is any particular reason for that. Any date in 1957 would be all right.

Mr. CRAWFORD. You do not know why that date was selected?

Mr. CROWLEY. No; except it was extended for 10 years from the present expiration date which is January 22, 1947.

Mr. CRAWFORD. Why should not we select the date of December 31 or June 30—one or the other?

Mr. CROWLEY. It would be much better if it were June 30, 1957.

Mr. CRAWFORD. I think it would be better, too. Do you know of anyone objecting to that date being changed?

Mr. CROWLEY. There would be no objection. It would be very helpful, Mr. Congressman.

Mr. CRAWFORD. I would like to be just a little clearer on the capital structure. Thinking in terms of a pro forma balance sheet with this transaction having been effectuated, you would have a capital stock outstanding of \$1,000,000,000?

Mr. CROWLEY. That is right, sir.

Mr. CRAWFORD. Then you would get rid of the present common and preferred stock?

Mr. CROWLEY. That is right.

Mr. CRAWFORD. What is your balance sheet footing at the present time?

Mr. CROWLEY. It has a capital structure, as I understand it, Congressman, of \$1,000,000 common and \$174,000,000 preferred.

Mr. CRAWFORD. \$175,000,000 of stock outstanding, common and preferred?

Mr. CROWLEY. That is right.

Mr. CRAWFORD. Now, would there be any objection to inserting your statement of the balance sheet in the record?

Mr. CROWLEY. No.

(The matter above referred to appears below in the testimony of Mr. Wayne C. Taylor.)

Mr. CRAWFORD. Now, I have a very dear friend on the committee here from Georgia. I am sure he will join with me in this interrogation: Is the Export-Import Bank operating in such a way that it can help finance the export of cotton?

Mr. CROWLEY. Surely it can. We can if anyone wants to buy it.

Mr. CRAWFORD. In your prepared statement here on page 5 you refer to the fact that certain steps are necessary if the bank is to be in a position to assist American exporters in reopening important markets in a number of European countries.

Mr. CROWLEY. That is right, sir.

Mr. CRAWFORD. I have been tremendously interested in the machinery we might create through the Bretton Woods International Bank and through the expansion of the powers of the Export-Import Bank with respect to regaining and holding markets for American-grown cotton. So in your language there on page 5, you do have in mind basic agricultural goods the same as manufactures?

Mr. CROWLEY. That is correct, sir.

Mr. CRAWFORD. So we would naturally include cotton in that terminology?

Mr. CROWLEY. That is right.

Mr. CRAWFORD. You also in your statement, I think, emphasize—and if that is true, we should not overlook it—that this \$2,800,000,000 means your comprehension of what we are likely to need during the coming fiscal year only?

Mr. CROWLEY. That is correct, sir.

Mr. CRAWFORD. We might as well get that clear in our minds—that here is a bridge we are building that will perhaps take us to the time the Bretton Woods machinery becomes operative.

Mr. CROWLEY. I do not think anyone can determine how much money would be needed, over a period of years, or what might be the policy of the Congress. But what I was getting at was that this authorized enough money to meet any reasonable demands we should have during the fiscal year, and then we can come back and present to Congress our experience next year, if we need additional authority.

Mr. CRAWFORD. You refer here to semiannual reports.

Mr. CROWLEY. Yes, sir.

Mr. CRAWFORD. Those reports are now being made, are they not?

Mr. CROWLEY. Yes; they are being made. But there will be more interest in the next 6 months in the semiannual reports than there has ever been before, because you are embarking on a broader field.

Mr. CRAWFORD. Frankly, I am personally very friendly to the Export-Import Bank operation, and have been all the time, and I believe it is utterly impossible to say with any degree of accuracy or satisfaction what you are going to have to have as this whole program unfolds.

Mr. CROWLEY. I think that is correct.

Mr. CRAWFORD. That is all.

Mr. BROWN. The purpose of this bill, of course, is to aid our exports and secure and maintain foreign trade.

Mr. CROWLEY. That is correct. I would like to explain this. I think that we also have some obligation to try to help these countries rehabilitate themselves, but by helping them we help our export-import trade.

Mr. BROWN. There is need for that. Bretton Woods will not be set up for 12 or 18 months.

Through the line of questioning of Mr. Crawford I have been convinced that it is necessary to pass this bill.

Mr. CROWLEY. Thank you, sir.

Mr. BROWN. We are considering Mr. Spence's bill. Mr. Wolcott has introduced a bill, also. Would you care to comment on the two bills and give us a comparison, at this time?

Mr. CROWLEY. I do not believe there is a great deal of difference in what the bills accomplish. The Wolcott bill increases the loaning facilities through the debentures, and that is something that we would not get into any argument about. I think giving the bank a reasonable capital structure and giving borrowing power is a little better way of doing it.

The other matter that Mr. Wolcott has in his bill is the question of the board of directors and the management. I have been hoping that we could let that alone for the time being because I do not think that we are very far apart in our own thinking on the question of the management of the bank. I think that if we can get along to the point where we are agreed on everything else we can work out something satisfactory with the committee. I feel that the bank must have a very strong and sound management. I am sure that the committee would feel the same way. I do not believe there are any particular things that we are not in agreement with. I do not know how

Mr. Wolcott feels about it, but in substance the bill we are discussing pretty well meets his ideas of the Export-Import Bank.

Mr. GAMBLE. Mr. Crowley, under the provisions of this bill and with your present Export-Import Bank, will you guarantee private loans? You spoke of private loans being made.

Mr. CROWLEY. They have used that manner of financing with the private banks in the past and I presume that they will continue that same operation.

Mr. GAMBLE. That would be along the same lines as the RFC?

Mr. CROWLEY. Letting other banks participate with them; yes.

Mr. GAMBLE. It is not a guaranty entirely, is it?

Mr. CROWLEY. It is a take-out arrangement.

Mr. GAMBLE. A participating arrangement on a percentage agreement?

Mr. CROWLEY. That is right.

Mr. GAMBLE. Would it be possible under some of these loans that might go over an extended period of time that they might later be transferred to the Bretton Woods Bank?

Mr. CROWLEY. May I say this off the record?

The CHAIRMAN. Yes.

(Discussion off the record.)

Mr. GAMBLE. There was a question that came up in connection with the Bretton Woods discussion—the possibility of a loan being requested by some government from the International Bank and being turned down, and then they would apply to the Export-Import Bank for a loan and get it, and we might find ourselves in hot water. I assume that with that advisory committee that we provided in the Bretton Woods agreement such a situation as that would not occur.

Mr. CROWLEY. I can see where there would be some competition, perhaps, but I would not want to see the Export-Import Bank's management placed in a position where the Bretton Woods Bank would dominate the thinking of the Export-Import Bank. I have always been opposed in government to giving an agency legal authority to do the job and then putting someone over them to supervise them. If you are going to have an Export-Import Bank, you should have a board of directors that ought to be responsible for it. They should cooperate with the Bretton Woods Bank, but that would not mean that the Bretton Woods Bank, being an international organization, ought to run the Export-Import Bank.

Mr. GAMBLE. And this will repeal the act of April 13, 1934, the Johnson Act?

Mr. CROWLEY. That is correct.

Mr. GAMBLE. So this repeals the Johnson Act in the same way that we repealed it in the Bretton Woods agreement, which would not be necessary if we had a general bill which is now pending.

Mr. CROWLEY. That is right.

Mr. GAMBLE. In some ways it seems better to me to have it in the Bretton Woods agreement and this agreement than to have a general repeal. We might use a little horse trading there also.

Mr. CROWLEY. It is my understanding that this bill provides for a general repeal.

Mr. GAMBLE. And that would bring in the private investors?

Mr. CROWLEY. That is right.

Mr. MONRONEY. Under conditions that exist today most of the friendly nations to us are absolutely prohibited by the Johnson Act from governmental or private credit.

Mr. CROWLEY. That is right.

Mr. MONRONEY. And nothing can be secured from us unless it is on a lend-lease basis, which is not within the meaning of the new act that Congress has passed.

Mr. CROWLEY. That is correct.

Mr. MONRONEY. This will put it on a business basis and they will owe us directly for any money they get from us. They will also owe us for any products that they get from us under this act.

Mr. CROWLEY. That is correct, sir.

Mr. MONRONEY. Going back to this repealer of the Johnson Act, that would apply, you said, both to individual and governmental loans.

Mr. CROWLEY. The Johnson Act applies to private loans. Another provision of the bill removes the prohibition on loans by the bank to governments in default.

Mr. MONRONEY. Has there been any thought to make the repeal of the Johnson Act apply only to Government lending so that the Export-Import Bank, through its participation, even only to 1 percent, perhaps, of the loan, would have some interest in the private loan to be sure that we did not run into the same thing that we ran into after World War I when many, many bad foreign loans were floated in this country at high interest rates, and were floated in some cases for rearmament and in other cases for investments that were not in the interest of the United States Government.

Mr. CROWLEY. As I understand it, there would be no difficulty such as you contemplate because the Securities and Exchange Commission Act has been set up since the earlier experience we had. I think this—that the Export-Import Bank, should let as much be financed by private credit as possibly can be financed.

Mr. MONRONEY. I agree with you.

Mr. CROWLEY. They should be in a position to help our export trade, and if we could use this \$2,800,000,000 to supplement what the commercial banker or the other bankers would do, it would increase the amount available for export trade tremendously.

Mr. MONRONEY. Well, I am in complete sympathy with all of the individual financing that you can get, but I just wonder if, by repealing completely the Johnson Act, we might not invite a condition down the road some place that might again result in bad practices.

Mr. CROWLEY. As I understand, the reason that it was put in this way is so that private industry can finance its own export trade if it wants to.

Mr. GAMBLE. Regarding this bad-loan situation that you speak of, would not the SEC have the power in a case like that now to regulate a bad loan?

Mr. CROWLEY. I think they have power to make public certain findings regarding the offering and the sale of foreign securities.

Mr. GAMBLE. The fact that it might happen to be an Export-Import Bank loan would not take it out from under the jurisdiction of the SEC?

Mr. CROWLEY. That is right.

Mr. CRAWFORD. It seems to me that the Johnson Act concept grew up under an entirely dissimilar set of conditions to those that prevail nationally and internationally at the present time. We have taken up the Charter. We are going into Bretton Woods. To me it is just common sense to open the gates on this particular part of our activities and let our people who raise the funds do as much financing with respect to exports as they possibly can with their own private funds to whomever they wish to ship the goods. The more they do that the less the Government will have to do. That is the way this repeal proposition appeals to me, and if General Motors, Ford, Chrysler, or any one of a hundred other companies which we might mention who have ample working capital and outside connections with which to finance their exports want to do so, let them do it.

Mr. MONRONEY. I have no objection to unlimited export credit, but I am thinking about a loan that means not one dime to the United States of America, bond issues from Bavaria or some place else being floated in this country for all of the Bavarian servants and peddled around the country the same as they were after the last war. Those things do not create employment in this country. They rather detract from employment in this country by helping the capital to go into the nonproductive ends. I wonder if we want to open that repealer so that we would allow that same thing to happen again.

Mr. CRAWFORD. Would not that type of transaction come entirely outside of the realm of Export-Import Bank operations?

Mr. MONRONEY. It would. I am not arguing about the Export-Import Bank. I am in complete sympathy with it, but I am just wondering if, in order to help the Export-Import Bank, we are not going to open the gate to very serious financial transactions that might occur later.

Mr. CROWLEY. Congressman, if there is to be any public offering of securities of the kind you speak of, the banker that is making the public offering must submit under SEC law the facts that I think you are looking for. In other words, if a banker is going to underwrite a bond issue of a foreign country, he then must make public through the SEC, as you or I would if we were distributing securities, the facts, so I do not see where that situation comes into the Export-Import Bank legislation.

Mr. MONRONEY. Only in this way, that the Johnson Act, which applies not only to you but to every banker in the country, is wiped off the books completely and in its entirety.

Mr. CROWLEY. Then I do not know what vehicle you could establish except to have them file their statements with the SEC, as everyone else has to do. It would be very, very difficult to establish a law which more specifically and with any more authority governs the kind of foreign securities that can be distributed to the investors of this country.

Mr. MONRONEY. That is true, but that is one reason I heard discussed why at times it might be well to repeal it only as far as public loans are concerned, and then let the Export-Import Bank participate even to 1 percent of the loan, which would give you a loan in the public interest.

Mr. CROWLEY. I think this: With the large deposits that are available in commercial business and the large debt that our Government

is carrying, we ought to try to do as much of this through private financing as we possibly can, and the Export-Import Bank should only be used where necessary. I would not like to see every loan made for export purposes participated in by the Export-Import Bank. It would add a world of confusion, and it would certainly put the Government in the business of financing export trade when there may be a lot of private capital available.

Mr. MONRONEY. I agree with you. We do not want to put anything in the way of financing exports, but I am thinking of the time when I. G. Farben will be floating bonds in this country and we will be helping to build a foreign cartel by the desire of various investors to reap a speculative gain on special loans.

Mr. CROWLEY. Let me say this to you: The Johnson Act does not have anything to do with I. G. Farben.

Mr. MONRONEY. They cannot float any bonds in this country.

Mr. CROWLEY. They can now, if they want to, so far as the Johnson Act is concerned.

Mr. BUFFETT. I think that they would have to clear with the Securities and Exchange Commission just as any industrial corporation in this country would. They could not sell a nickel's worth until the SEC gave them clearance.

Mr. CROWLEY. That is correct, sir.

Mr. MONRONEY. Do you think that the SEC safeguards would effectively prohibit the floating of bad loans in this country if the Johnson Act were repealed?

Mr. CROWLEY. I think that you have the instrument there for the protection of our investors buying I. G. Farben's securities the same as you have regarding any other corporation coming in and offering a bond issue through the distributors. The investor will have the same protection regarding foreign investments as he has regarding domestic investments.

Mr. GAMBLE. It would not be intended in any way that the Export-Import Bank would make the type of loan that Mr. Monroney is speaking of to Farben Co.

Mr. CROWLEY. Oh, no.

Mr. GAMBLE. This is only helping the United States with regard to trade and export.

Mr. CROWLEY. And to make loans to these governments so they may be able to buy materials and things like that for their rehabilitation.

Mr. MONRONEY. I was not questioning the operation of the Export-Import Bank on that. I was directing my attention to section 8, which goes beyond the Export-Import Bank and repeals the Johnson Act. I was trying to see what the possibilities are in that regard.

Mr. CROWLEY. May I make a reply off the record?

The CHAIRMAN. Yes.

(Discussion off the record.)

Mr. MONRONEY. Mr. Brown wants to know if the SEC was in operation at the time that all these bad loans were floated.

Mr. CROWLEY. No.

Mr. GAMBLE. The SEC came into being as a result of those bad loans.

Mr. CROWLEY. That is correct.

Mr. BROWN. I brought that out.

Mr. CROWLEY. Understand, I am not guaranteeing there will not be any bad loans of similar nature in the future.

Mr. GAMBLE. You cannot keep people from making bad investments.

Mr. CROWLEY. If you are going to have progress you are going to have speculative investments and speculative ventures, and in a certain percentage of them there are going to be losses. As long as they are honest in their representations, that is all you can ask for.

Mr. MONRONEY. There is nothing in the Johnson Act which would not protect American investors against such loans as we had the last time.

Mr. CROWLEY. I do not see where that has anything to do with it at all.

The CHAIRMAN. Do you not suppose that the American people have learned something by experience? Do you think that they would go back and buy that same kind of security?

Mr. CROWLEY. You have to assume that the American people learn from experience and that we are more intelligent in our investment policies now than we were 20 years ago. We have had more experience.

Miss SUMNER. Mr. Crowley, in your statement you say that this "will raise the limit on outstanding loans and guarantees of the banks of \$700,000,000 to \$3,500,000,000," or an increase of about \$2,800,000,000.

Now, I do not quite understand that statement. What I would like to find out is, can you not guarantee a loan so that the total amount of loan either guaranteed or actually loaned could be above \$2,800,000,000?

Mr. CROWLEY. We would have available in addition to the present \$700,000,000, \$2,800,000,000 which we could loan. Now, that would not mean that if the National City Bank or the Chase Bank or the Continental in Chicago wanted to participate up to 50 percent or 75 percent and we 25 percent, that that \$2,800,000,000, or the total \$3,500,000,000, would be further increased; the amount of money that we might be able to use would be restricted to the amount of our capital plus our borrowing capacity.

Miss SUMNER. You are talking about participation loans. I do not believe that quite answers my question. In your FDIC what is the amount of money you would have with which to guarantee banks?

Mr. CROWLEY. The lending authority of the Export-Import Bank could not exceed the \$3,500,000,000. You mean our capital and borrowing capacity?

Miss SUMNER. In your FDIC you have a certain amount of money. I do not know what the amount of money is, but with that amount of money you guarantee bank deposits of many times that value.

Mr. CROWLEY. That is correct.

Miss SUMNER. Now, what I am trying to find out is whether, with \$1,000,000,000 of this \$2,800,000,000 that you might say that you were going to guarantee loans with, it would be possible for you to use that in a guaranty fund and guarantee loans in the amount of \$5,000,000,000 with your \$1,000,000,000.

Mr. CROWLEY. No.

Miss SUMNER. Is it possible under your powers under this law?

Mr. CROWLEY. I would not think so.

Miss SUMNER. What is to prevent it?

Mr. CROWLEY. In deposit insurance we have a capital and an income and a borrowing right to insure all deposits up to \$5,000. Now, this is a different proposition. This is a matter where we are making loans and letting the banks participate, but in no event can we go further than \$3,500,000,000.

Miss SUMNER. That is simple. You do it with FDIC because you do not ever contemplate that you will pay it all out. Is that not true? It is the same principle under which they operate insurance companies.

Mr. CROWLEY. Section 5 on page 5 of the bill contains this language [reading]:

Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of $3\frac{1}{2}$ times the subscribed capital stock of the bank.

Miss SUMNER. Is that clear enough to prohibit what I have in mind?

Mr. CROWLEY. I certainly think it is.

Miss SUMNER. I think it is very important to find out how many dollars are going to be available to foreign governments or foreign nationals in this country. I do not think the figures that have been published show us that at all. I take your word for it that that language is sufficient to cover the situation.

Mr. CROWLEY. I think that it is all right.

Miss SUMNER. There is a chance foreign governments would get a considerable amount of money to be used as claims against us in the Allied military currency. What is the total amount of that outstanding which would be exchangeable for dollars here?

Mr. ACHESON. I do not think that I can answer that categorically. We will have to get a statement from the Treasury, but my impression is that there are no claims against the United States arising out of this currency that you have in mind. That currency in most cases, I think in all cases, but I would not want to be categorical about it, is issued by the countries—France, Belgium, Holland, whichever it may be—and it is an obligation of that country and not of the United States. Do you follow me?

Miss SUMNER. I am not sure that I do follow you.

Mr. ACHESON. The arrangement, as I understand it, is that the Bank of France, or the Netherlands Bank, or the Belgian Bank, whichever it may be, have issued currency and turned it over for the use of our forces in those countries so that the currency is an obligation of the issuing bank but not of the United States.

Miss SUMNER. Who pays them for that?

Mr. ACHESON. They take care of it themselves as a part of their cost of the war.

Miss SUMNER. Is it not printed here in the United States?

Mr. ACHESON. Physically some of it is printed in the United States, but it does not make any difference who prints it. The question is who issues it, and whose obligation it is, and it is the obligation of the issuing bank and not of the United States Government. Whether that is true on every single case, I would not want to be categorical about that.

Miss SUMNER. What do they do then—turn it over to our military forces?

Mr. ACHESON. That is correct. That is their service which they render to our troops.

Miss SUMNER. Before we went into France they had some military currency and francs given to our soldiers, I suppose.

Mr. ACHESON. That is right.

Miss SUMNER. There was no government functioning that was having relations with us, as I understand it.

Mr. ACHESON. That is taken over by the Provisional Government of France and the Bank of France.

Miss SUMNER. They pay our soldiers in francs and we are not going to be indebted for any of the amount that they are paying our soldiers?

Mr. ACHESON. That is an arrangement which they have made, and whatever is needed by the forces in the currency of that country is turned over to this Government and we use that. What I would like to do is to have the Treasury, which has handled this matter, prepare a statement for you. I am testifying at second-hand.

Miss SUMNER. I would like to have the statement before the end of this hearing so that we could find out about it.

Mr. ACHESON. We can get the information for you.

Miss SUMNER. These statements are not always clear, and if we cannot ask questions regarding them they are no good to us.

Mr. ACHESON. We will get you the statement at once.

(The statement referred to is on file with the clerk of the committee.)

Miss SUMNER. The way you stated that immediately brings up the next point about reverse lend-lease. Have you received any estimates from countries for reverse lend-lease?

Mr. CROWLEY. We have it all in our reports, Miss Sumner. It is all available.

Miss SUMNER. Is that the estimated total we are going to have when the war is over?

Mr. CROWLEY. It is what we have received up to date. There is no estimate of what we may get in the future, but you have a report on everything that we have received up to date.

Miss SUMNER. Do you think that we should go into the business of lending all these people additional dollars when we do not know how many dollars they may have claimed against us on reverse lend-lease? As I understand it, we are going to owe them a considerable amount of money after this war is over.

Mr. CROWLEY. Do you mean where they would have claims against us?

Miss SUMNER. We would owe them money on reverse lend-lease.

Mr. CROWLEY. Oh, no. We do not owe money for reverse lend-lease received.

Miss SUMNER. But we do not know. As I understand it, Great Britain has not even put in an estimate on the amount of reverse lend-lease that she is going to claim against us.

Mr. Cox. Miss Sumner, there is no dollar claim by any country for reverse lend-lease under the master and reverse lend-lease agreements that are made. That is point No. 1. Point No. 2 is this: We do have an estimate of the reverse lend-lease aid which the British have rendered to us, in terms of cash expenditures that they made for that reverse lend-lease. That is entered in the books as the amount of aid that they have rendered to our armed forces and to the United States. And it happens to be substantially less than we have supplied to them

under lend-lease. But, in no event is it likely that they will assert a dollar claim. Even in a case such as that of Belgium——

Miss SUMNER. What do you mean by "in no event will they assert a dollar claim"? It will have to be balanced in some way, will it not?

Mr. Cox. It does not have to be balanced. The master agreement says that the benefits to be received from lend-lease and reverse lend-lease will be settled at some future date. But, as a purely practical matter, in most cases, the amount of lend-lease is higher than reverse lend-lease.

Even in the case of a country like Belgium, where the reverse lend-lease to date has been four times the direct lend-lease, it is understood that they would not have a dollar claim against us; and it would be settled in the same way that we would settle direct lend-lease accounts.

Miss SUMNER. In what way would you settle?

Mr. Cox. You would take into consideration, I should think, the fact that the United States, the British, and other forces helped to liberate Belgium. I mean, the same indirect benefits in winning the war that flow from lend-lease aid are a consideration that would apply both ways in the lend-lease settlement. One of the conceptions that has always been kept firm is that it would not be a dollar bookkeeping settlement either way; I mean, by the foreign countries supplying us aid, or we supplying them. We would take into consideration all the relevant factors in terms of the contribution to the war and contribution to the victory, of which reverse lend-lease is one factor.

Miss SUMNER. Is there something in the lend-lease agreement, some written provision, which says that at the termination of the lend-lease arrangement there will not be any currency transfers either way?

Mr. Cox. It does not say so in so many words, but I think, in terms of both the master agreements and the reports to Congress, of which there have been 19, as well as the various committee reports of Congress on the lend-lease bills and the appropriations bills, I think it is quite clear that it is not contemplated that there will be a straight currency settlement.

Miss SUMNER. How about war damage? Will there be any claims for war damage?

Mr. Cox. All the war damage thus far has been handled in the main as reverse lend-lease. Where a foreign country or a foreign national has a claim against the United States for damage caused by the operations of our forces, they pay the claim and put it in as a book entry for reverse lend-lease.

Miss SUMNER. Have you had any of these claims yet? I have not gone carefully into your lend-lease reports.

Mr. Cox. Yes, the British and the French are two big cases. We are making no cash expenditures for those claims.

Miss SUMNER. Do your lend-lease reports show all claims to date, or are there some that might come up in the future?

Mr. Cox. No; they show all of them to date; not as claims, but as the amount of reverse lend-lease which has been furnished.

Miss SUMNER. In other words, is it possible for the British or the French or some other ally to come in and say, "Before you file your last report on lend-lease, we had a claim against you for allied military currency, or some other claim, of, say, \$4,000,000"? Are the books closed up to date?

Mr. Cox. No, they are not closed, but, as a purely practical matter, the figures are gone over by both the French and our Army people, so that there is a tentative agreement on what is supplied under reverse lend-lease, let us say, up to January 1, 1945, and then for the next quarter. But the books are not closed any more than they are closed on what we have supplied them under lend-lease. In other words, if we made a mistake, or forgot to make an entry, in the final settlement we can always call attention to that fact. But as a purely practical matter I think we know substantially the cash expenditures made by foreign governments for reverse lend-lease aid to the United States, and there will not be any substantial variation from that.

Miss SUMNER. Thank you.

The CHAIRMAN. I should like to ask the members in future to address their questions to the witness who is presently on the stand. We have adopted some rules for orderly procedure, and I think it would be in the interest of expediting the hearings to follow those rules. I know that the gentlewoman from Illinois, who has presided over a court, must realize the advantage of sticking to the rules of procedure.

Miss SUMNER. Mr. Chairman, it was not I, but Mr. Crowley, who referred the question to some of these other people.

The CHAIRMAN. Mr. Acheson, Mr. Taylor, Mr. Cox, will probably testify and they can be interrogated when they are on the stand. I would like that procedure followed in the interest of expedition.

Miss SUMNER. That is agreeable to me. I should like to ask one or two other questions.

How much gold do foreign governments have in the United States which they could use to purchase dollars, do you know?

Mr. CROWLEY. I do not know, but we will put the figure in the record for you.

Mr. BUFFETT. I think that should include all dollar resources.

Mr. CROWLEY. We will put such a statement in the record, Congressman.

(The statement referred to is as follows:)

GOLD AND OFFICIAL DOLLAR ASSETS OF FOREIGN COUNTRIES, DECEMBER 1944

The table below shows the gold and official (governmental and central bank) dollar assets of the principal groups of foreign countries at the end of December 1944, the latest date available, as estimated by the Federal Reserve Board. Information on a country basis is not available except as published currently for certain countries in the Federal Reserve Bulletin.

[In million dollars]

	Gold	Official dollar assets	Total
Europe (including U. S. S. R.).....	9,600	1,465	11,065
Asia.....	1,290	710	2,000
Latin America.....	2,350	405	2,755
Other.....	1,220	705	1,925
Total.....	14,460	3,285	17,745

To appraise these very large foreign gold and dollar assets correctly, and to understand why the world as a whole has tremendous and immediate requirements for foreign financing despite its possession of these assets, the following facts must be underscored:

1. The totals are gross, and make no deductions for comparable liabilities which must be offset against these assets. In some cases these liabilities are very large. In the case of the United Kingdom, for example, the present value of government and central-bank demand and short-term liabilities to other countries is believed to be several times as large as the value of the gold and dollar assets held.

2. The totals also make no allowance for legal currency and banking reserves, or for other working foreign exchange balances. Without such reserves and balances, a general stabilization of monetary and commercial relations on a normal peacetime basis will be impossible. These legitimate requirements will use up approximately two-thirds of the gold and dollar assets shown.

3. The countries which most badly need foreign financial help are, in the main, not the same as the countries which hold large gold and dollar assets. This is a profoundly important fact which is concealed by the unavoidable lumping of the estimates for gold and dollar assets into broad groups of countries. Italy, Poland, Yugoslavia, Czechoslovakia, and other eastern European countries, for example, desperately need foreign financial assistance, but have little or no gold or dollars. On the other hand, the Latin-American countries and Canada are relatively well off in terms of gold and dollars, but need little foreign financing in the next year or two.

Miss SUMNER. I notice in the report of the Postwar Policy Committee they said that the International Bank under Bretton Woods would not be set up for about 2 years; also I notice some statements herefrom the committee and possibly from yourself, indicating the same thing. Is it your understanding that the bank will not be set up for about 2 years?

Mr. CROWLEY. I think it is reasonable to assume it might be a year to a year and a half before it gets into operation. I think all of the people associated with the bank feel that it will be well into a year and a half before it gets into operation.

Miss SUMNER. When is it your understanding the fund would be set up?

Mr. CROWLEY. It is my understanding that would be set up at the same time. I do not want to testify on Bretton Woods, but that is what I understand.

Miss SUMNER. Sixty-five percent of the quota would set it up, and it would look to me as if that could be done within the year.

Do you know of any other claims of foreign governments, of foreign nationals, or any other resources or means that they would have to make dollars available to themselves?

Mr. CROWLEY. No. We will be glad to put in the record a statement of what gold and dollar resources are available. I do not know of any other resources.

Miss SUMNER. Did I understand you to state that you did not want to give any testimony on Bretton Woods, in any respect?

Mr. CROWLEY. That is right. I am not associated with Bretton Woods.

Miss SUMNER. That is all.

Mr. TALLE. Mr. Crowley, just one question for the purpose of clearing up a matter mentioned earlier in the testimony. You referred to a transfer of loans from the Export-Import Bank to the proposed International Bank. Will you repeat what you said about that?

Mr. CROWLEY. I was asked the question as to whether there would be a transfer of loans from the Export-Import Bank to the International Bank. The International Bank will have a board of directors representing the participating countries. If the International Bank wants to make a loan to a given country under their authority, and

that country wants to pay up the Export-Import Bank, certainly the Export-Import Bank could have no other choice than to permit them to pay it up. That is just as you would do, if you were a borrower; you would have the right to pay any bank you wished, if you wanted to go somewhere else to get your funds.

As for the Export-Import Bank selling paper to the International Bank, that is not intended. But if any borrower wanted to go to the International Bank—any borrowing country—and borrow funds and pay off the Export-Import Bank, that would seem to me to be their right. But I do not see where there would be any interlocking loans between the two; that is, a switching of paper back and forth.

Mr. TALLE. When the word "transfer" was used in connection with your testimony, did you contemplate commercial paper that might be endorsed by the Export-Import Bank to the International Bank?

Mr. CROWLEY. No, sir. As I tried to bring out, Mr. Congressman, the Export-Import Bank is a vehicle of our own country for the aid of our export trade and should not become involved in the International Bank.

Mr. TALLE. An endorsement would naturally carry responsibility.

Mr. CROWLEY. That is correct.

Mr. TALLE. That is all.

Mr. SUNDSTROM. I want to ask a question on the matter of participation loans. You suggest that the Export-Import Bank might make a loan in connection with other large institutions in this country. Does that mean that each of the participants would have equal responsibility in those loans, or would the Export-Import Bank have a larger responsibility?

Mr. CROWLEY. The Export-Import Bank would have responsibility for the amount in which it participated.

Mr. SUNDSTROM. And the other participants would have equal responsibility for their share?

Mr. CROWLEY. That is correct, sir.

Mr. THOM. Mr. Crowley, you have just spoken about a country making a loan from the International Bank for Development and Rehabilitation, in order to pay off a loan previously made by the Export-Import Bank. That would be impossible under the provisions of the Bretton Woods agreement because the loans by the International Bank must be made for productive purposes. I do not see how the International Bank could lend money to pay off a loan to your bank under such a provision.

Mr. CROWLEY. Mr. Congressman, what I wanted to bring out was this: If I go to your bank and borrow a hundred thousand dollars, I can pay you any time during the period of the note. If these governments come to the Export-Import Bank and borrow some money, then if they go to the International Bank or any private bank and arrange for a new loan, they would have the right to pay us up at their will. That would be perfectly proper, because all we are interested in here is to help these countries and to expand our export trade, and the more that this is done by private channels, the more export business we will be able to finance.

So far as the International Bank is concerned, if they cannot do it legally, then that is something for the management of the Inter-

national Bank to determine for themselves. The Export-Import Bank is not involved in that.

Mr. THOM. It is very plain to me, when you go to the International Bank, you must make a showing that the loan is for productive purposes. All that the country would be doing, that went to the International Bank, would be to bail out the Export-Import Bank.

Mr. CROWLEY. No; we want no bailing out.

Mr. Congressman, I said that if the International Bank wanted to make a loan, they could. If they cannot do it legally, then they will not do it.

Mr. THOM. The very language of the Bretton Woods agreement with reference to the bank says that the loan must be for productive purposes.

Mr. CROWLEY. Then they would not make a loan to a Government for nonproductive purposes.

Mr. THOM. That is right. Up to date, what does your report show in the way of earnings by the Export-Import Bank?

Mr. CROWLEY. Up to the end of 1944 the earnings were \$38,714,675.

Mr. THOM. I want that to appear in the record, because some Members of the House are continually telling us that every Government institution is in the red and is a failure.

Mr. CROWLEY. That is not true of the Export-Import Bank.

Mr. THOM. But in this case you are making money.

Mr. CROWLEY. That is right. I will offer this statement for the record.

(The matter referred to is as follows:)

Net earnings of the Export-Import Bank, 1936-44

Year	Annual earnings	Cumulative earnings	Year	Annual earnings	Cumulative earnings
1936-----	\$597,258	\$597,258	1941-----	\$7,216,129	\$15,868,002
1937-----	853,901	1,451,159	1942-----	7,544,080	23,412,082
1938-----	1,081,346	2,532,505	1943-----	7,784,179	31,196,261
1939-----	2,344,776	4,877,281	1944-----	7,518,414	38,714,675
1940-----	3,774,592	8,651,873			

Mr. THOM. In the loans that the Export-Import Bank makes, could you effect what is known as a tie-in provision by which the one receiving the money spends it in the United States?

Mr. CROWLEY. Yes, sir.

Mr. THOM. How do you do that?

Mr. CROWLEY. If we are making a loan to a South American country, for example, for a steel mill, or something of that kind, we give them a commitment that they have available over a period of months while they are planning their engineering. We finance it during its construction. If they do not go through with the project in a given time, then we have a right to cancel that commitment.

Mr. THOM. I do not think you have got my point. My point is, when you make a loan from the Export-Import Bank, the proceeds have got to be used for materials, machinery, purchased in the United States?

Mr. CROWLEY. In the past, you understand, we have passed on the particular purchases. In other words, it was either a utility or a steel mill, or something like that. We financed that part that came from our own country here. That does not mean that in the Export-

Import Bank of the future, Congressman, you may not loan some of these governments some money that will go into labor or sewerage or water or highways, or things like that. It does not mean that every dollar of it will be for materials purchased in this country, but the major part of it would be used for that purpose.

Mr. THOM. Who are the directors of the Export-Import Bank?

Mr. CROWLEY. State Department, FEA, Treasury, Commerce, Agriculture, RFC.

Mr. THOM. Mr. Wallace is a member of your board now; is that correct?

Mr. CROWLEY. That is correct, sir.

Mr. THOM. I have always contended that the Secretary of Commerce ought to be on the board of this bank, and I am glad to see that that has taken place.

Mr. CROWLEY. The Secretary of Commerce is a member of the board.

Mr. THOM. I just want to interpolate this, Miss Sumner. I understood from your discussion that you think that the wages of the soldiers are all paid in the foreign country. Did I correctly understand you?

Miss SUMNER. How is that?

Mr. THOM. That the wages of the soldiers, the American soldiers, are paid in the foreign country in either dollars or in foreign currency. Was that your statement?

Miss SUMNER. My statement was that the soldiers in France, let us say, for instance, are paid in francs.

Mr. THOM. I think the arrangement is this, that all American soldiers have a credit on the books in the United States Treasury Department, and charged against that credit are their expenditures for bonds and for insurance. Then, as a soldier wants to take out part of his balance and spend it in France, he goes to his Army officer and he buys francs. There is not any payment by check or by cash of the full salary. They just have an account in Washington against which they draw.

Miss SUMNER. That is my understanding, too; but there is Allied military currency in France.

Mr. THOM. That is true; if he wants to go in and buy \$5 or \$10 worth of francs, he buys those from the company finance officer.

The CHAIRMAN. May I suggest that we stick to the matter under consideration.

Mr. BUFFETT. Mr. Crowley, is there any shortage of lendable funds in the banks of the Nation that prior to the war did considerable direct lending abroad?

Mr. CROWLEY. There is plenty of money available in commercial and investment banking houses, Mr. Congressman.

Mr. BUFFETT. As a matter of fact, those funds are probably at the highest point in history; is that correct?

Mr. CROWLEY. That is correct, sir.

Mr. BUFFETT. In your original statement you said that many countries would have no way of buying anything until this bill were passed. I am wondering what countries those would be, outside of Poland, Yugoslavia, and Greece; what other of the United Nations are without resources?

Mr. CROWLEY. Poland, Czechoslovakia, Greece, Yugoslavia, Italy, all need some loans to help them, and most of those countries have no funds available to help themselves.

Mr. BUFFETT. The situation is pretty well limited to those five, and Italy was an enemy country; is that right?

Mr. CROWLEY. That is right insofar as Europe is concerned. On the other hand, countries such as Belgium and Holland, while they have funds, will be in need of some immediate help in their reconstruction; Norway will need some help also.

Mr. BUFFETT. Do not Belgium and Holland both have very large credits in this country already?

Mr. CROWLEY. Not in relation to what they need. I think Belgium, Holland, and Norway will need immediate funds to help in their rehabilitation.

Miss SUMNER. Will the gentleman yield?

Mr. BUFFETT. I yield.

Miss SUMNER. Mr. Crowley, the testimony during the Bretton Woods hearings indicated that the factories in Belgium were in excellent shape; that the Germans had built them up for the use of their war machine and that they are still in good shape.

Mr. CROWLEY. But they will need loans for materials and things like that, Miss Sumner.

Mr. BUFFETT. Those nations, Holland, Belgium, and Norway, could get private loans, could they not?

Mr. CROWLEY. Surely. And you understand, when you are talking about those nations, they are nations that are good credit risks.

Mr. BUFFETT. Does the Export-Import Bank make loans based on economic considerations completely, aside from any political consideration?

Mr. CROWLEY. They certainly should.

Mr. BUFFETT. Would not that kind of loan go through a private bank?

Mr. CROWLEY. No; not always in the amounts required, and there is a certain type of loan that will not go through a commercial bank until the borrowing governments have been established and seasoned a little bit. Then your commercial bank would be willing to participate. But in certain of the countries that we have just been talking about, until their governments are a little more stable than they are now, I doubt that the commercial banking system would step in and participate to any substantial degree.

Mr. BUFFETT. Those are the political considerations.

Mr. CROWLEY. That is correct.

Mr. BUFFETT. Is a look at your note case available to the members of the committee?

Mr. CROWLEY. Surely. We will give you a statement of our loans, put it in the record, if you wish; let you see what the record is of the Export-Import Bank.

Mr. BUFFETT. A detailed list of them?

Mr. CROWLEY. Surely.

Mr. BUFFETT. I think it is important that we have an idea of the kind of loans you are making, unless there are military secrets involved.

Mr. CROWLEY. If there is any reason why they could not be furnished for the record, we would be very happy to explain any loan to you and let you take the documents and read them and have our people explain them.

Mr. BUFFETT. I understood that you would not want to make them all a matter of public record.

Mr. CROWLEY. We will be glad to submit them to you and let you look over them with one of our men. It is a very good record and we are very happy to have you see it.

Mr. BUFFETT. The stock of this corporation is all owned by the Government; is that correct?

Mr. CROWLEY. That is correct, sir.

Mr. WOLCOTT. I would like to clear up definitely what is going to happen to lend-lease. I think you perhaps have clarified it by reiterating what you had to say before the Appropriations Committee. You said that [reading]:

Lend-lease aid will continue to be furnished as in the past for the sole purpose of promoting the defense of the United States and aiding in the most effective prosecution of the war. Lend-lease aid will not be furnished to assist in the task of relief, rehabilitation, and construction in Europe or elsewhere. Assistance to our allies for reconstruction must be provided by another mechanism.

Are you announcing your own policy in that respect or are you speaking for the administration?

Mr. CROWLEY. Any testimony I have given, Mr. Congressman, I assume meets the approval of the President. I have talked it over with him several times, and in his public pronouncements he has reiterated the same thought. So it certainly is fair to assume that it is official.

Mr. WOLCOTT. We can assume that what you have had to say is—

Mr. CROWLEY. Is official.

Mr. WOLCOTT. Is official?

Mr. CROWLEY. That is correct, sir.

Mr. WOLCOTT. I think in your testimony before the Appropriations Committee or before the Foreign Affairs Committee, sometime or other, you have discussed the question of what you termed residuary use to which much of this lend-lease material might be put following the war. Have you any estimate as to the amount of material which has been made available under lend-lease, of which there would be a residuary use?

Mr. CROWLEY. I think it would be very difficult, Congressman, to estimate that at this time. I presume it would run into several billions of dollars in original cost. I do not think anyone can estimate at this time how much you will have left in consumer goods or materials that may have commercial value.

Mr. WOLCOTT. You would not know the extent of deterioration of the articles that have been used.

I understand that I. G. Farben is being managed by American officers now.

Mr. CROWLEY. That is correct. I think one of our men is in there as chairman of the board and directing its operation.

Mr. WOLCOTT. The danger of a resurrection of the cartel would be determined by our own policy in that respect; is that right?

Mr. CROWLEY. I think the question of cartels, Mr. Congressman, would get back to the policy of this Government and the Congress in future operations.

Mr. WOLCOTT. As I understand, what we want to accomplish with respect to the Export-Import Bank is, we desire to set it up as an independent agency of the Government, with an increase of capital sufficient to do the job of financing our exports and what imports are necessary in order to increase our volume of exports.

Mr. CROWLEY. That is correct.

Mr. WOLCOTT. The reason why you claim it is necessary now is that you want to use it as a stopgap between the time when you terminate lend-lease——

Mr. CROWLEY. That is correct.

Mr. WOLCOTT (continuing). In connection with the European theater, and the time the International Bank is set up under the Bretton Woods agreement?

Mr. CROWLEY. I think this. Even if the International Bank is set up and functioning, this country will always find a need for the Export-Import Bank.

Mr. WOLCOTT. Yes. But what I had in mind was this. The reason you want this set up immediately is for the purpose which I have stated?

Mr. CROWLEY. That is correct.

Mr. WOLCOTT. Of course, it can function even after.

Mr. CROWLEY. That is correct.

Mr. WOLCOTT. Is there anything, with the exception of the provisions of the Johnson Act, that would prevent a commercial or a private bank from continuing to make loans for foreign account?

Mr. CROWLEY. No; I do not think so; I do not know of anything else, except the usual provisions in the corporation and bank laws of the individual States and of the Congress designed to protect shareholders and depositors.

Mr. BUFFETT. It seems that you would have very effective control over that by dictation of interest rates, would you not?

Mr. CROWLEY. You mean as to the rate of interest?

Mr. BUFFETT. Yes. We will say some concern in Brazil wanted to get \$50,000,000 on a first-class loan, and you thought it ought to be made at 4 percent, and a bank in New York thought it ought to be made at 5 percent.

Mr. CROWLEY. First I hope that we do not attempt to fix here any rate of interest at which the Export-Import Bank has to loan.

Secondly, Congressman, I think money is so plentiful, and so cheap that we should not be in competition with the private trade or the private banking system in loaning money at a lower rate of interest. As long as they are willing to loan it at a reasonable rate of interest I think we should do everything we possibly can to encourage that as much of this be done by the private banking system as possible, and I am sure that they would be willing to loan at a very low rate of interest.

Mr. BUFFETT. Thank you.

Mr. WOLCOTT. This, of course, is a revolving fund.

Mr. CROWLEY. That is correct.

Mr. WOLCOTT. It is provided that the loans and guarantees and participation shall not exceed a certain amount, so that as the loans are repaid the money may be used again.

Mr. CROWLEY. That is correct.

Mr. WOLCOTT. Are you in a position to tell us, or would you prefer that we get the information from Mr. Taylor, as to the amount of business which has been done by the Export-Import Bank up to the present time?

Mr. CROWLEY. I would be glad to have Mr. Taylor answer that for you, Congressman.

Mr. WOLCOTT. Then I will ask him.

Mr. CROWLEY. Fine.

Mr. WOLCOTT. The principal point is: Have they lost any money?

Mr. CROWLEY. I think they have had some losses, but they have been very small. The net result is that they have had a profitable operation.

Mr. WOLCOTT. Have you given any thought to the manner in which it is anticipated these loans might be made and might be secured? Here in the bill which I introduced I see that the banks make loans to discount or guarantee notes, bills of exchange, and so forth, when adequately secured, and I put that in there, frankly, to provoke some thought on the matter realizing how difficult it would be for the bank to get adequate security, and realizing also that adequate security might be interpreted as meaning 100-percent value on securities. Have you worked out anything on that?

Mr. CROWLEY. In the past the bank has been able to make a loan for a specific purpose. They have been able to try and determine the income that might come from it and rather relied upon that for the repayment of the debt. Now, you can do that, Congressman, in some instances in the future. However, when you make a loan to a government it may be more difficult to earmark the income so as to be sure that you have the loan serviced. I would hate to see in the law any restrictions regarding adequate security. I think it is reasonable to assume that whoever is going to be responsible for the operation of the Export-Import Bank would not make a loan to any government unless they had reason to expect repayment. I do not know just how you would determine adequate security when you are making a loan to a government directly.

Now, when you are making a loan on a specific article or project that is a little different, and that has been the experience we have had in the past, but I assume that if the Export-Import Bank is to carry out the thought that I know you have and all of the rest of us have, we are going to have to make loans to countries like Poland, Czechoslovakia, and Yugoslavia and those countries are not in as sound financial condition, you might say, as Belgium, Holland, Norway, Denmark, and some of the other countries are in. Nevertheless, I am sure we would all agree that what we should do is to try to go along and work with those governments and not extend our credit too far, until we have had a little more experience, and that is the reason why, Congressman, I feel that we should come back to the committee or to the Congress a year from now in order that we might get the guidance of this committee and the Congress as to what our policies are going to be in the future.

I do not think that any part of Government ought to assume responsibility for writing a ticket for these foreign loans. I believe that this will be enough money to meet reasonably the demand that we should meet during the next 12 months. We should keep Congress apprised as to what we are doing and we should keep this committee apprised as to what we are doing, and a year from now we can go over the matter again, with a year's experience, and we will see how these governments are helping themselves to work out their problems.

I think it would be a great mistake for us to assume the official financial responsibility for financing them too rapidly or to assume responsibility for their management. Other than that I do not know what you can do, Congressman, to protect the interest of the bank.

Mr. WOLCOTT. The thing which I think most of us have primarily in mind is some protection against this money being loaned out promiscuously without some security or some means by which we have reason to assume it will be paid back. That is why I injected that into the bill, so that we would have an attempt, at least, to announce a definite legislative intent with respect to the fact that the bank was intended to be somewhat conservative in the making of these loans, and that the bank should not, from now on, any more than it has in the past, become a medium through which loans might be made of a doubtful character.

Mr. CROWLEY. What you mean, as I understand it, Congressman, is that the bank should not go into the relief business.

Mr. WOLCOTT. That is right.

Mr. CROWLEY. The bank should be used to help these people over a long period of years to reconstruct themselves. If the bank believes that a government is operating in a way that is satisfactory, they are entitled to credit to help rehabilitate themselves. But it is not a relief agency.

Mr. WOLCOTT. We also want to protect the bank and the Government against the probability that the bank's resources be used to effectuate global social reform.

Mr. CROWLEY. I agree with you on that, that it should not get mixed up in any of those theories at all.

Miss SUMNER. Is there any limitation on the length of time that you could make a loan?

Mr. CROWLEY. No; we have made them for as long as 20 or 25 years. You might go as far as 30 years.

Miss SUMNER. At what interest?

Mr. CROWLEY. The interest rate, I think, should be left to the judgment of the Board, because that is a fluctuating thing. The present rate of interest charged by the Export-Import Bank is 4 percent. I feel that some reduction will have to be made on that interest charge in keeping with the rates on money charged by other financial institutions, including private institutions.

The CHAIRMAN. We will recess to meet at 2 o'clock.

(Thereupon, at 12:15 p. m., a recess was taken until 2 p. m. of the same day.)

AFTER RECESS

(The hearing was resumed at 2 p. m., pursuant to the taking of the recess, Hon. Brent Spence (chairman) presiding.)

The CHAIRMAN. The committee will be in order. We will hear from Mr. Taylor in relation to the Export-Import Bank. Mr. Taylor, you may proceed.

STATEMENT OF HON. WAYNE C. TAYLOR, PRÉSIDENT, EXPORT-IMPORT BANK

Mr. TAYLOR. Mr. Chairman, and members of the committee, there are certain questions which appear in my statement which I think you are partially familiar with as a result of the 11 years that the Export-Import Bank has been in existence under the general direction of this committee, and also there are certain points which were brought out this morning, but for the purpose of emphasis I think I will give the statement as it is.

The Export-Import Bank was established in 1934 to help stimulate the recovery of our foreign trade from the low level to which it had fallen during the depths of the depression. At that time, the President, pursuant to the National Industrial Recovery Act, authorized the Secretaries of State and Commerce to form the bank, which was thereupon created under the laws of the District of Columbia on February 12, 1934.

In January 1935, the Congress continued the bank as an agency of the United States until June 1937, and, in addition to the powers contained in its charter, gave it additional banking powers to be exercised "for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof." The act was amended subsequently to continue the bank as an agency of the United States until January 22, 1947.

Originally, there was no limit imposed by law upon the lending authority of the bank. In 1939, however, the act of January 1935 was amended to provide that loans outstanding at any one time should not exceed \$100,000,000. The limit was increased to \$200,000,000 in March 1940 and to \$700,000,000 by the act of September 26, 1940. That act authorized the Reconstruction Finance Corporation to supply funds to the bank up to a maximum of \$500,000,000 to enable it to make additional loans, including specifically loans—

to assist in the development of the resources, stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere.

The bank operated as an independent agency from 1934 until July 1939, when it was made a part of the Federal Loan Agency under Reorganization Plan No. 1. In 1942, the bank was placed by Executive order under the Office of the Secretary of Commerce. In 1943 it was transferred by Executive order to the Office of Economic Warfare. When the Office of Economic Warfare was consolidated into the Foreign Economic Administration later in the same year, the bank was also transferred to the Foreign Economic Administration. As a separate corporate entity, the operations of the bank have continued to be administered by its President, subject to the direction of the Foreign Economic Administrator and the board of trustees of the bank under the chairmanship of the Administrator.

Except for the original \$1,000,000 transferred to the bank in 1934 in payment for the common shares issued jointly to the Secretaries of State and Commerce, all of the funds of the bank have been obtained by the sale from time to time of preferred stock to the Reconstruction Finance Corporation and from earnings. A total of \$174,000,000 of preferred stock has been issued and is now outstanding.

Pursuant to its charter, the bank is controlled by a board of 11 trustees elected annually by the stockholders, subject to the approval of the President of the United States. The right to vote all of the stock, both common and preferred, is vested in the Foreign Economic Administrator. In the interim between board meetings the powers of the board are exercised by an executive committee of seven trustees. I believe you know the present character of the board is interdepartmental. Loans are made only after formal authorization by the board of trustees or the executive committee.

The operations of the bank have involved a wide variety of transactions, although all of them have been undertaken for the fundamental purpose, laid down by Congress, of promoting the export and import trade of the United States either directly or indirectly. To avoid competition with private institutions, the bank has confined its activities to financing of a character or in an amount not obtainable from private sources. The techniques employed by the bank are, in general, those commonly used in the field of international finance and investment. However, in order to meet the changing needs of our foreign trade and to provide credit facilities for the small as well as the large exporter and importer, it has been necessary to maintain a high degree of flexibility in operating techniques.

It is difficult, because of their diversity, to classify the loans of the bank into hard-and-fast categories. Nevertheless, the following types of credits may be identified in its operations during the past 11 years:

(1) The bank has extended relatively short-term credits to all exporters of a given commodity to assist in financing the sale and export of agricultural surpluses. For example, before the war the bank assisted in the sale of raw cotton to foreign spinners and dealers by establishing through United States commercial banks lines of credit available to American cotton shippers and guaranteed by leading banks in the countries of purchase.

(2) The bank has extended credit directly to American firms exporting industrial products, particularly heavy machinery and electrical and railway equipment. Such transactions have usually been accomplished through the purchase by the bank without recourse of the obligations of the foreign purchaser endorsed or otherwise unconditionally guaranteed by a foreign bank or a foreign government.

(3) The bank has extended credit lines to individual firms which are experienced and of good repute but which are hampered by lack of capital in obtaining adequate accommodation from private sources. Such credits are revolving and are available to the exporter for limited periods, generally from year to year, upon presentation for discount by the bank through its agent bank of 90-day drafts on approved foreign purchasers. Comparable arrangements are available to United States importers.

(4) The bank has extended credits to make possible the maintenance of essential purchases from the United States by certain countries during periods when they were temporarily short of dollar exchange. Loans of this type have been made principally to banks in Latin-American countries. They were especially important after the cutting off of European sources of supply in 1940 and the consequent necessity on the part of Latin-American countries of concentrating their purchases in the United States at a time when their exports to the United States were still at relatively low levels.

(5) Loans have been made to foreign governments and their agencies to assist in financing the cost of materials, equipment, and services required for the construction of productive public works and the development of natural resources and thereby to increase the foreign-trade potentials of the countries concerned.

(6) The bank has established a number of credits to stimulate foreign production and to expedite the transportation of strategic materials required for war production in the United States.

(7) Because of wartime transportation difficulties, the bank inaugurated a plan for underwriting letters of credit opened in this country by United States commercial banks in favor of approved foreign banks. A feature of this service was a provision to make payment against manufacturers' certificates of completion or railway bills of lading instead of the ocean shipping documents customarily required. The bank assumed the responsibility for shipment of the goods within 3 months from the date of payment to the manufacturer. This service went beyond any previous facility offered United States exporters, but it is believed that it has been extremely worthwhile because the effect has been to keep established trade channels open during the war so far as possible.

I am offering for the record two statements of the outstanding loans and undisbursed commitments of the Export-Import Bank in order that the members of the committee may see for themselves the various types of loans which the bank has made and their current status. One of these statements shows loans and commitments by individual projects as of June 15, 1945, and the other gives a recapitulation by countries as of the same date.

You will recall that in the bill now before you for your consideration there is a provision requiring semiannual reports to Congress. It is with the purpose of giving you exactly the condition of the bank and all its loans at this particular date for comparison with future reports that we are introducing this statement in great detail in the record.

From its organization to June 15 of this year, the Export-Import Bank has authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$397,000,000 were canceled either because the applicants found they did not require them or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$497,000,000, of which \$289,000,000 have been repaid. As at the close of business on June 15, 1945, outstanding loans totaled \$208,000,000 and undisbursed commitments aggregated \$375,000,000.

The earnings of the bank, after payment of all administrative expenses, have amounted to approximately \$42,000,000. The bank has paid dividends of over \$18,000,000 on the preferred stock held by the Reconstruction Finance Corporation. This leaves undivided profits of about \$24,000,000 as of the close of business on June 15, 1945.

I call attention to the earnings record of the Export-Import Bank, not because returning a profit is its major objective, but rather as an indication of the policy of the management of the bank to accumulate a reasonable reserve to absorb possible losses and to keep the agency self-sustaining. The bank will continue to be operated with a view to giving a maximum amount of assistance to American exporters and importers and to making loans which will be repaid. I am placing in the record for the information of the committee a statement of the condition of the bank as of June 15, 1945.

The CHAIRMAN. That may be placed in the record.

(The matter referred to is as follows:)

Export-Import Bank of Washington—

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
LATIN AMERICA				
Argentina, past operations, ¹ total.....				\$93,480,000.00
Bolivia:				
Republic of Bolivia, Bolivian Development Corp.	314-315	Materials, equipment, and services.	Mar. 6, 1942	15,500,000.00
Past operations.....				2,178,004.50
Total.....				17,678,004.50
Brazil:				
American-Brazilian Corp., New York.	233	Tropical products.....	June 12, 1939	1,117,049.28
Sorocabana Ry. (Electrical Export Corp.). ²	258	Electrical equipment.....	Apr. 3, 1940	4,340,000.00
Rio Grande do Sul Ry. (Inland Steel Co.).	259	Steel rails.....	do.....	1,575,000.00
Companhia Siderurgica Nacional.	269	Steel mill equipment.....	June 19, 1940	45,000,000.00
Banco do Brasil—Central Rys. (United States Steel Export Co.).	272	Railway equipment.....	Aug. 22, 1940	712,500.00
Banco do Brasil—Central Rys. (Union Switch & Signal Co.).	273	do.....	do.....	437,500.00
Republic of Brazil—Banco do Brasil (Amsinck, Sonne Corp.).	274	Road building and other equipment.	do.....	575,000.00
Republic of Brazil.....	293	United States machinery and equipment.	Mar. 18, 1941	1,220,000.00
Republic of Brazil—Companhia Vale do Rio Doce.	310	Railway and mining equipment.	Mar. 3, 1942	14,000,000.00
Banco do Brasil.....	349	Dollar exchange.....	Jan. 11, 1944	10,000,000.00
Republic of Brazil—Companhia Vale do Rio Doce.	358	Railway equipment.....	Jan. 27, 1945	5,000,000.00
Central Rys. of Brazil (Electrical Export Corp.).	359	Electrical equipment.....	Feb. 12, 1945	4,500,000.00
Paulista Ry. Co. (Pullman Standard Car Export Corp.).	364	Rolling stock.....	Apr. 12, 1945	2,500,000.00
Total.....				90,977,049.28
Past operations.....				108,048,338.36
Total.....				199,025,387.64
Chile:				
Fomento Corp.....	245a	Industrial products and machinery.	Sept. 27, 1939	15,751,260.24
Do.....	245b	United States agricultural and industrial products.	July 1, 1941	4,248,739.76
Do.....	245c	Industrial products and machinery.	Dec. 30, 1944	8,000,000.00
Chilean State Rys.....	313	Railway equipment.....	Mar. 6, 1942	5,000,000.00
Ingenieria Electrica, S. A. C.....	355	Dollar exchange.....	Dec. 30, 1944	250,000.00
Total.....				33,250,000.00
Past operations.....				9,156,007.84
Total.....				42,406,007.84
Colombia:				
Republic of Colombia.....	296	Materials, equipment, and services.	May 1, 1941	20,000,000.00
Do.....	346	do.....	July 1, 1943	10,000,000.00
Empresa de Energia Electrica (Westinghouse Manufacturing Co. et al.).	351	Materials and equipment.....	Mar. 29, 1944	3,500,000.00
Republic of Colombia—Consejo de Ferrocarriles Nacionales.	352	Railway equipment.....	June 28, 1944	2,000,000.00
Ferrocarril de Antioquia (Baldwin Locomotive Works).	356	do.....	Dec. 30, 1944	202,800.00
Total.....				35,702,800.00
Past operations.....				11,022,856.00
Total.....				46,725,656.00

¹ The line designated "past operations" shows the total of commitments which were canceled or expired without being utilized and the total of previous loans which have been repaid in full.

² Name in parentheses is, in each case, that of the United States firm to which the credit was extended for the purpose of financing exports to the foreign purchaser indicated.

Statement of loans and commitments, June 15, 1945

Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount re- paid	Amount out- standing	Revolving credit
	Amount	Expiration date				
\$93,090,000.00			\$390,000.00	\$390,000.00		
	\$15,500,000.00	Dec. 31, 1946				
48,250.58			2,129,753.92	2,129,753.92		
48,250.58	15,500,000.00		2,129,753.92	2,129,753.92		
			1,117,049.28	974,069.09	\$142,980.19	
80,604.38	223,590.23	June 30, 1945	4,035,805.39	1,062,054.06	2,973,751.33	
959,395.80			615,604.20	506,968.15	108,636.05	
	9,077,684.53	Dec. 31, 1946	35,922,315.47		35,922,315.47	
214,907.65			497,592.35	435,842.62	61,749.73	
98,000.00			339,500.00	297,062.50	42,437.50	
380,564.60			194,435.40	172,831.49	21,603.91	
			1,220,000.00	915,000.00	305,000.00	
	142,412.28	Dec. 31, 1946	13,857,587.72		13,857,587.72	
	10,000,000.00	do				
	3,301,828.79	Dec. 31, 1946	1,698,171.21		1,698,171.21	
	4,500,000.00	do				
	2,500,000.00					
1,733,472.43	29,745,515.83		59,498,061.02	4,363,827.91	55,134,233.11	
73,197,896.63			34,850,441.73	34,850,441.73		
74,931,369.06	29,745,515.83		94,348,502.75	39,214,269.64	55,134,233.11	
			15,751,260.24	4,109,760.24	11,641,500.00	
			4,248,739.76	2,061,302.15	2,187,437.61	
	8,000,000.00	Dec. 31, 1946				
	5,000,000.00	do				
	250,000.00					
	13,250,000.00		20,000,000.00	6,171,062.39	13,828,937.61	
\$6,688,678.30			2,467,329.54	2,467,329.54		
6,688,678.30	13,250,000.00		22,467,329.54	8,638,391.93	13,828,937.61	
	7,756,056.30	Dec. 31, 1945	12,243,943.70	1,830,208.00	10,413,735.70	
	10,000,000.00	do				
	3,500,000.00	do				
	2,000,000.00	do				
	202,800.00	do				
	23,458,856.30		12,243,943.70	1,830,208.00	10,413,735.70	
841,470.52			10,181,385.48	10,181,385.48		
841,470.52	23,458,856.30		22,425,329.18	12,011,593.48	10,413,735.70	

Export-Import Bank of Washington—Statement of

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
LATIN AMERICA—continued				
Costa Rica:				
Republic of Costa Rica	275	Construction material and services.	Sept. 23, 1940	\$5,000,000.00
Do.....	330	do.....	Apr. 23, 1942	2,000,000.00
Total.....				7,000,000.00
Past operations.....				1,723,000.00
Total.....				8,723,000.00
Cuba:				
Republic of Cuba.....	294	Materials, equipment, and services.	May 1, 1941	25,000,000.00
Past operations.....				65,366,535.31
Total.....				90,366,535.31
Dominican Republic.....	266	Construction material, equipment, and services.	June 7, 1940	3,000,000.00
Past operations.....				300,000.00
Total.....				3,300,000.00
Ecuador:				
Republic of Ecuador.....	262	United States agricultural and industrial products.	May 7, 1940	1,480,000.00
Republic of Ecuador—Corporacion Ecuatoriana de Fomento.	316	Materials, equipment, and services.	Mar. 6, 1942	5,000,000.00
Republic of Ecuador—Quito and Guayaquil water supply system.	328	do.....	Apr. 22, 1942	8,000,000.00
Republic of Ecuador.....	343	do.....	Dec. 18, 1942	1,200,000.00
Total.....				15,680,000.00
Past operations.....				105,000.00
Total.....				15,785,000.00
El Salvador: Republic of El Salvador, total.	303	Construction materials, equipment, and services.	Dec. 10, 1941	1,726,000.00
Haiti:				
Republic of Haiti (J. G. White Engineering Corp.).	201	Construction material.....	June 18, 1938	5,500,000.00
Republic of Haiti—Societe Haitiano Americaine de Developement Agricola.	295	Development of rubber and other tropical products.	May 1, 1941	5,000,000.00
Haitian Agricultural Corp.....	336	Materials, equipment, and services.	Apr. 22, 1942	1,000,000.00
La Plantation Dauphin.....	367	United States equipment, materials, and supplies.	May 16, 1945	100,000.00
Total.....				11,600,000.00
Past operations.....				1,750,000.00
Total.....				13,350,000.00
Honduras: Republic of Honduras, total.	312	Materials and equipment.....	Mar. 6, 1942	2,700,000.00
Jamaica: Past operations, total.....				25,000.00
Mexico:				
United States of Mexico.....	300	Highway construction, equipment, and services.	Aug. 12, 1941	30,000,000.00
Altos Hornos de Mexico.....	323	Steel mill equipment.....	Apr. 10, 1942	8,000,000.00
Fred Leighton.....	338	Mexican handicraft.....	May 18, 1942	460,070.00
Petroleos Mexicanos.....	350	Gasoline refinery equipment.	Jan. 31, 1944	10,000,000.00
Nacional Financiera, S. A. (Mexican National Railways).	362	Railway equipment.....	Mar. 21, 1945	15,000,000.00
Cia. Fundidora de F. y A. Monterrey (United States Engineering & Foundry Co., et al.).	366	Steel mill equipment.....	May 16, 1945	800,000.00
Total.....				64,260,070.70
Past operations.....				2,432,600.00
Total.....				66,692,670.70

loans and commitments, June 15, 1945—Continued

Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount re- paid	Amount out- standing	Revolving credit
	Amount	Expiration date				
	\$100,000.00	Jan. 21, 1947	\$4,900,000.00		\$4,900,000.00	
			2,000,000.00		2,000,000.00	
\$1,448,392.71	100,000.00		6,900,000.00	\$274,607.29	6,900,000.00	
1,448,392.71	100,000.00		7,174,607.29	274,607.29	6,900,000.00	
	17,800,000.00	June 30, 1946	7,200,000.00	4,482,000.00	2,718,000.00	
26,888,061.95			38,478,473.36	38,478,473.36		
26,888,061.95	17,800,000.00		45,678,473.36	42,960,473.36	2,718,000.00	
			3,000,000.00	338,115.48	2,661,884.52	
16,067.58			283,932.42	283,932.42		
16,067.58			3,283,932.42	622,047.90	2,661,884.52	
	84,289.79	June 30, 1945	1,395,710.21	481,865.80	913,844.41	
	1,020,000.00	June 30, 1946	3,980,000.00	10,000.00	3,970,000.00	
	8,000,000.00					
	1,200,000.00	Dec. 31, 1946				
75,000.00	10,304,289.79		5,375,710.21	491,865.80	4,883,844.41	
			30,000.00	30,000.00		
75,000.00	10,304,289.79	June 30, 1945	5,405,710.21	521,865.80	4,883,844.41	
	826,000.00		900,000.00	14,829.30	885,170.70	
			5,500,000.00	1,630,000.00	3,870,000.00	
	360,000.00	Dec. 31, 1946	4,640,000.00		4,640,000.00	
920,000.00			80,000.00	76,538.84	3,461.16	
	160,000.00					
920,000.00	460,000.00		10,220,000.00	1,706,538.84	8,513,461.16	
1,650,000.00			100,000.00	100,000.00		
2,570,000.00	460,000.00	Dec. 31, 1945	10,320,000.00	1,806,538.84	8,513,461.16	
	1,805,000.00		895,000.00		895,000.00	
25,000.00						
	20,000,000.00	June 30, 1945	10,000,000.00	3,551,071.99	6,448,928.01	
	8,000,000.00	Dec. 31, 1946				
	14,328.13	June 30, 1945	445,742.57	360,070.70	85,671.87	\$100,000
	9,500,000.00	Dec. 31, 1945	500,000.00		500,000.00	
	15,000,000.00	Dec. 31, 1946				
	800,000.00					
	53,314,328.13		10,945,742.57	3,911,142.69	7,034,599.88	
1,383,308.80			1,049,291.20	1,049,291.20		
1,383,308.80	53,314,328.13		11,995,033.77	4,960,433.89	7,034,599.88	

Export-Import Bank of Washington—Statement of

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
LATIN AMERICA—continued				
Nicaragua:				
Republic of Nicaragua.....	227a	Equipment and services..	May 17, 1939	\$2,000,000.00
Do.....	291	Construction material, equipment, and services.	Mar. 3, 1941	2,000,000.00
Total.....				4,000,000.00
Past operations.....				1,235,000.00
Total.....				5,235,000.00
Panama: Past operations, total.....				4,500,000.00
Paraguay:				
Republic of Paraguay.....	228a	Construction material, equipment, and services.	June 1, 1939	3,400,000.00
Do.....	337	Materials, equipment, and services.	May 18, 1942	3,000,000.00
Total.....				6,400,000.00
Past operations.....				1,400,000.00
Total.....				7,800,000.00
Peru:				
Banco Central de Reserva del Peru.....	329	United States agricultural and industrial products.	Apr. 22, 1942	25,000,000.00
Past operations.....				12,000,000.00
Total.....				37,000,000.00
Puerto Rico: Puerto Rico Fiber Co..	317	Machinery and equip- ment.	Mar. 6, 1942	450,000.00
Total.....				450,000.00
Uruguay:				
Republic of Uruguay.....	331	Materials, equipment and services.	Apr. 22, 1942	12,000,000.00
R. Hoe & Co., Inc.....	333	Printing press.....	do.....	85,000.00
Republica Oriental del Uruguay.....	345	Materials, equipment and services.	Feb. 2, 1943	20,000,000.00
Total.....				32,085,000.00
Past operations.....				11,500,000.00
Total.....				43,585,000.00
Venezuela:				
Banco Agricola y Pecuario.....	286	United States Agricultural and industrial products.	Dec. 9, 1940	3,000,000.00
Banco Obrero.....	302	Construction material and equipment.	Oct. 27, 1941	6,000,000.00
United States of Venezuela.....	339	Materials, equipment and services.	May 18, 1942	20,000,000.00
Banco Agricola y Pecuario.....	341	do.....	June 29, 1942	6,000,000.00
Do.....	342	do.....	do.....	6,000,000.00
Total.....				41,000,000.00
Past operations.....				951,000.00
Total.....				41,951,000.00
Virgin Islands: Virgin Islands Co., total.....	348	Agricultural products.....	Aug. 10, 1943	250,000.00
Miscellaneous Latin America: Special Bank Export Credit Lines ³ total.....	306		Jan. 12, 1942	50,000,000.00
NORTH AMERICA				
Canada: Past operations, total.....				59,265,000.00
AFRICA				
Ethiopia: The Ethiopian Empire, total.....	353	United States products and services.	Aug. 7, 1944	500,000.00
Portuguese West Africa: Chas. B. McDaniel, Jr., total.....	319	Materials and equipment..	Mar. 6, 1942	300,000.00

³ Special credit lines established in favor of banking institutions in countries of the Western Hemisphere to facilitate opening of letters of credit to finance exports from the United States.

loans and commitments, June 15, 1945—Continued

Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount re- paid	Amount out- standing	Revolving credit
	Amount	Expiration date				
	\$250,000.00	June 30, 1945	\$2,000,000.00 1,750,000.00	\$881,500.00	\$1,118,500.00 1,750,000.00	
	250,000.00		3,750,000.00 650,000.00	881,500.00 650,000.00	2,868,500.00	
\$585,000.00	250,000.00		4,400,000.00 2,487,703.68	1,531,500.00 2,487,703.88	2,868,500.00	
400,000.00			3,000,000.00	337,200.00	2,662,800.00	
	865,000.00	Dec. 31, 1946	2,135,000.00		2,135,000.00	
400,000.00 1,200,000.00	865,000.00		5,135,000.00 200,000.00	337,200.00 200,000.00	4,797,800.00	
1,600,000.00	865,000.00		5,335,000.00	537,200.00	4,797,800.00	
	25,000,000.00	Dec. 31, 1945				
12,000,000.00						
12,000,000.00	25,000,000.00					
			450,000.00	10,000.00	440,000.00	
			450,000.00	10,000.00	440,000.00	
	7,338,439.21	June 30, 1946	4,661,560.79		4,661,560.79	
6,125.00	17,705,000.00	Dec. 31, 1946	78,875.00 2,295,000.00	8,572.44	70,302.56 2,295,000.00	
6,125.00 11,500,000.00	25,043,439.21		7,035,435.79	8,572.44	7,026,863.35	
11,506,125.00	25,043,439.21		7,035,435.79	8,572.44	7,026,863.35	
500,000.00			2,500,000.00	1,333,333.20	1,166,666.80	
4,001,500.00			1,998,500.00	85,000.00	1,913,500.00	
	20,000,000.00	June 30, 1945				
	6,000,000.00	do				
	6,000,000.00	do				
4,501,500.00 305,421.65	32,000,000.00		4,498,500.00 645,578.35	1,418,333.20 645,578.35	3,080,166.80	
4,806,921.65	32,000,000.00 250,000.00	Dec. 31, 1946	5,144,078.35	2,063,911.55	3,080,166.80	\$250,000
	46,481,917.57	do	3,518,082.43	3,445,853.61	72,228.82	
21,850,000.00			37,415,000.00	37,415,000.00		
			500,000.00	250,000.00	250,000.00	
	235,000.00	Jan. 21, 1947	65,000.00		65,000.00	

Export-Import Bank of Washington—Statement of

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
ASIA				
China: Universal Trading Corp.....	254	United States Agricultural and industrial products.	Mar. 7, 1940	\$20,000,000.00
Central Bank of China.....	276	do.....	Oct. 17, 1940	25,000,000.00
Do.....	283	do.....	Nov. 30, 1940	50,000,000.00
Yungli Chemical Industries, Ltd.	360	Machinery, equipment, and services.	Mar. 21, 1945	16,000,000.00
Total.....				111,000,000.00
Past operations.....				43,943,329.99
Total.....				154,943,329.99
India: Past operations, total.....				16,000,000.00
Iran: Past operations, total.....				1,130,000.00
Iraq: Past operations, total.....				100,000.00
Philippine Islands: Past operations, total.....				25,600,000.00
AUSTRALIA				
Past operations, total.....				1,400,000.00
EUROPE				
Czechoslovakia: Past operations, total.....				1,741,917.60
Denmark: Past operations, total.....				10,000,000.00
Finland:				
Finnish-American Trading Corp.....	250	United States agricultural and industrial products.	Dec. 13, 1939	10,000,000.00
Do.....	251	do.....	Mar. 1, 1940	25,000,000.00
Total.....				35,000,000.00
Germany: Past operations, total.....				3,011,309.75
Hungary: Past operations, total.....				2,375,000.00
Iceland: Past operations, total.....				1,000,000.00
Italy: Past operations, total.....				16,917,385.58
Latvia: Past operations, total.....				1,903,000.00
Norway:				
Kingdom of Norway.....	253	United States agricultural and industrial products.	Mar. 1, 1940	10,000,000.00
Store Norske Spitsbergen Kulkompani, A/S Norway.	354	Mining equipment and machinery.	Oct. 25, 1944	750,000.00
Total.....				10,750,000.00
Poland:				
National Economic Bank.....	212	Cotton and copper.....	Nov. 3, 1938	6,000,000.00
Polish Cotton Mills.....	141	Cotton.....	Oct. 21, 1936	166,742.52
Total.....				6,166,742.52
Past operations.....				6,740,000.00
Total.....				12,906,742.52
Portugal: Past operations, total.....				5,500,000.00
Rumania: Past operations, total.....				50,000.00
Spain: Past operations, total.....				15,072,871.78
Sweden: Past operations, total.....				15,000,000.00
Turkey: Past operations, total.....				10,267,860.00
Yugoslavia: Past operations, total.....				517,607.00
VARIOUS COUNTRIES				
TACA-Airways Agency, Inc.....	361	Aircraft, engines and accessories.	Mar. 21, 1945	1,000,000.00
Pan American Airways, Inc., et. al.....	365	United States materials, equipment and services.	May 16, 1945	25,000,000.00
Total.....				26,000,000.00
Past operations.....				46,478,400.00
Total.....				72,478,400.00

loans and commitments, June 15, 1945—Continued

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding	Revolving credit
	Amount	Expiration date				
	\$3,000,000.00	June 30, 1945	\$17,000,000.00	\$3,800,000.00	\$13,200,000.00	
	13,415,190.91	June 30, 1945	25,000,000.00	12,536,115.00	12,463,885.00	
	16,000,000.00		36,584,809.09	13,647,743.04	22,937,066.05	
	32,415,190.91		78,584,809.09	29,983,858.04	48,600,951.05	
\$4,526,800.00			39,416,529.99	39,416,529.99		
4,526,800.00	32,415,190.91		118,001,339.08	69,400,388.03	48,600,951.05	
16,000,000.00			462,429.39	462,429.39		
667,570.61						
100,000.00						
25,600,000.00						
1,400,000.00						
947,473.97			794,443.63	794,443.63		
10,000,000.00						
	231,715.40	Dec. 31, 1946	9,768,284.60			
	8,556,954.67	do	16,443,045.33	2,341,424.61	23,869,905.32	
	8,788,670.07		26,211,329.93	2,341,424.61	23,869,905.32	
3,006,750.75			4,559.00	4,559.00		
2,375,000.00			590,000.00	590,000.00		
410,000.00			13,376,264.68	13,376,264.68		
3,541,120.90			10,782.03	10,782.03		
1,892,217.97						
	9,773,388.00	June 30, 1945	226,612.00	226,612.00		
	750,000.00	Dec. 31, 1946				
	10,523,388.00		226,612.00	226,612.00		
2,655,508.67			3,344,491.33	47,043.11	3,297,448.22	
			166,742.52	163,250.56	3,491.96	
2,655,508.67			3,511,233.85	210,293.67	3,300,940.18	
6,703,822.27			36,177.73	36,177.73		
9,359,330.94			3,547,411.58	246,471.40	3,300,940.18	
4,229,134.35			1,270,865.65	1,270,865.65		
50,000.00			13,681,073.89	13,681,073.89		
1,391,797.89			4,111,000.00	4,111,000.00		
10,889,000.00						
10,267,860.00						
517,667.00						
1,000,000.00						
25,000,000.00						
26,000,000.00						
27,102,518.11			19,375,881.89	19,375,881.89		
27,102,518.11	26,000,000.00		19,375,881.89	19,375,881.89		

Export-Import Bank of Washington—Statement of

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
EUROPE—continued				
Special Exporter-Importer Credits ⁴	187		Mar. 1, 1938	
Anglo-American Trading Corp.....		Poultry, game, and lard.....		\$176,836.17
The Atlas International Co.....		Merchandise.....		39,513.98
L. A. Cordovez Co.....		Flour and manufacturing products.....		97,574.13
Defiance Spark Plug Corp.....		Merchandise.....		66,113.96
Enequist Chemical Co.....		Chemicals.....		280,680.54
Home Plan Corp.....		Merchandise.....		23,840.05
Walter Melowan, Inc.....		Manufactured products.....		297,673.36
Sigfried Olsen Shipping Co.....		Merchandise.....		178,320.04
Packard Chemical Co.....		Packaged foods.....		155,937.30
S. C. Prado.....		Merchandise.....		97,491.00
S. Ronnie, Inc.....		Paper supplies.....		94,315.66
Universal Products Co., Inc.....		Rubber, rayon silk garments.....		345,596.00
Wise and Constable, Ind.....		Merchandise.....		241,061.37
Unallotted.....				12,500.00
Total.....				2,107,453.56
Past operations.....				93,001.62
Total.....				2,200,455.18
Grand total.....				1,268,685,201.39

⁴ The firms listed have been granted credit lines ranging from \$2,000 revolving, covering miscellaneous shipment to and from various countries. Funds are provided and details handled by commercial banks. Advance under these credits are repayable in 90 days or less. Total available for such lines—\$200,000, revolving.

loans and commitments, June 15, 1945—Continued

Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount re- paid	Amount out- standing	Revolving credit
	Amount	Expiration date				
	\$20,000.00	June 30, 1945	\$156,836.17	\$156,836.17		\$20,000
	981.97	do	38,532.01	29,513.98	\$9,018.03	10,000
	12,500.00	do	85,074.13	85,074.13		12,500
	10,000.00	do	56,113.96	56,113.96		10,000
	13,226.18	do	267,454.36	260,680.54	6,773.82	20,000
			23,840.05	22,622.01	1,218.04	
	6,263.66	June 30, 1945	291,409.70	277,673.36	13,736.34	20,000
	6,052.85	do	172,267.19	158,320.04	13,947.15	20,000
	9,718.41	do	146,218.89	145,937.30	281.59	10,000
	10,000.00	do	87,491.00	87,491.00		10,000
	14,690.17	do	79,625.49	79,315.66	309.83	15,000
	11,079.00	do	334,517.00	325,596.00	8,921.00	20,000
	17,743.38	do	223,317.99	221,061.37	2,256.62	20,000
	12,500.00					
	144,755.62		1,962,697.94	1,906,235.52	56,462.42	
			93,001.62	93,001.62		
	144,755.62		2,055,699.56	1,999,237.14	56,462.42	
396,640,184.70	374,561,351.43		497,483,665.20	289,185,980.17	208,297,685.03	

GENERAL SUMMARY OF ACTIVITIES

(INCLUDING SECOND EXPORT-IMPORT BANK OF WASHINGTON, D. C.,⁶ FROM FEB. 12, 1934, THROUGH JUNE 15, 1945)

Total commitments.....	\$1,268,685,201.39
Total cancellations and expirations.....	396,640,184.76
Total disbursements.....	497,483,665.20
Total repayments.....	289,185,980.17
Total outstanding loans.....	208,297,685.03
Balance of commitments not yet disbursed.....	374,561,351.43
Total of outstanding loans and balance of commitments not yet disbursed.....	582,859,036.46

⁶ Second Export-Import Bank of Washington, D. C., was incorporated Mar. 12, 1934, and dissolved June 30, 1936, all of its active commitments being assumed by Export-Import Bank of Washington.

Statement of loans and commitments of Export-Import Bank, by countries, cumulative to June 15, 1945

	Authorized	Cancellations and expirations	Balance not yet disbursed	Amount disbursed	Amount repaid	Amount out- standing
Latin America:						
Argentina.....	\$93,480,000.00	\$93,090,000.00	\$15,500,000.00	\$390,000.00	\$390,000.00	
Bolivia.....	17,678,004.50	48,250.58	2,129,753.92	2,129,753.92	2,129,753.92	
Brazil.....	199,025,357.64	74,931,369.06	29,745,515.83	94,348,502.75	39,214,269.64	\$55,134,293.11
Chile.....	42,406,007.84	6,088,678.30	13,250,000.00	22,467,329.54	8,638,391.93	13,828,937.61
Colombia.....	46,725,656.00	841,470.52	23,458,856.30	22,425,329.18	12,011,593.48	10,413,735.70
Costa Rica.....	8,723,000.00	1,448,392.71	100,000.00	7,174,607.29	274,607.29	6,900,000.00
Cuba.....	90,366,535.31	26,888,061.95	17,800,000.00	45,678,473.36	42,960,473.36	2,718,000.00
Dominican Republic.....	3,300,000.00	16,067.58		3,283,932.42	622,047.90	2,661,884.52
Ecuador.....	15,785,000.00	75,000.00	10,304,289.79	5,405,710.21	521,865.80	4,883,844.41
El Salvador.....	1,726,000.00		826,000.00	900,000.00	14,829.30	885,170.70
Haiti.....	13,350,000.00		460,000.00	10,320,000.00	1,806,538.84	8,513,461.16
Honduras.....	2,700,000.00	2,570,000.00	1,805,000.00	895,000.00		895,000.00
Jamaica.....	25,000.00	25,000.00				
Mexico.....	66,692,670.70	1,383,308.80	53,314,328.13	11,995,033.77	4,960,433.89	7,034,599.88
Nicaragua.....	5,235,000.00	5,235,000.00	250,000.00	4,400,000.00	1,531,500.00	2,868,500.00
Panama.....	4,500,000.00	2,012,296.12		2,487,703.88	2,487,703.88	
Paraguay.....	7,800,000.00	1,600,000.00	865,000.00	5,335,000.00	537,200.00	4,797,800.00
Peru.....	37,000,000.00	12,000,000.00	25,000,000.00			
Puerto Rico.....	43,585,000.00	11,506,125.00	25,043,439.21	450,000.00	10,000.00	440,000.00
Uruguay.....	41,951,000.00	4,806,921.65	32,000,000.00	7,035,435.79	8,572.44	7,026,863.35
Venezuela.....	250,000.00		250,000.00	5,144,078.35	2,063,911.55	3,080,166.80
Virgin Islands.....						
Miscellaneous 1.....	50,000,000.00		46,481,917.57	3,518,082.43	3,445,853.61	72,228.82
Total, Latin America.....	792,754,261.99	240,515,942.27	296,454,346.83	255,733,972.89	123,626,546.83	132,154,426.06
Canada.....	59,265,000.00	21,850,000.00		37,415,000.00	37,415,000.00	
Asia:						
China.....	154,943,329.99	4,526,800.00	32,415,190.91	118,001,339.08	69,400,388.03	\$48,600,951.05
Other.....	44,230,000.00	43,767,570.61		462,429.39	462,429.39	
Total Asia.....	199,173,329.99	48,294,370.61	32,415,190.91	118,463,768.47	69,862,817.42	48,600,951.05
Africa:						
Ethiopia.....	500,000.00			500,000.00	250,000.00	250,000.00
Portuguese West Africa.....	300,000.00		255,000.00	65,000.00		65,000.00
Total Africa.....	800,000.00		255,000.00	565,000.00	250,000.00	315,000.00

Europe:	35,000,000.00	8,788,670.07	26,211,329.93	2,341,424.61	23,869,905.32
Finland.....	16,917,385.58	3,541,126.90	13,376,264.68	13,376,264.68	-----
Italy.....	10,750,000.00	-----	226,612.00	226,612.00	-----
Norway.....	12,906,742.52	9,359,330.94	3,547,411.58	246,471.40	3,300,940.18
Poland.....	5,500,000.00	4,229,134.35	-----	1,270,865.65	-----
Portugal.....	15,072,871.78	1,391,797.89	-----	13,681,073.89	-----
Spain.....	15,000,000.00	10,889,000.00	-----	4,111,000.00	-----
Sweden.....	30,866,754.35	29,466,969.69	-----	1,399,784.66	-----
Other.....	-----	-----	-----	-----	-----
Total Europe.....	142,013,754.23	58,877,353.77	63,824,342.39	36,653,496.89	27,170,845.50
Various countries.....	72,478,400.00	27,102,518.11	19,375,881.89	19,375,881.89	-----
Special exporter-importer credits ¹	2,200,455.18	-----	2,055,699.56	1,999,237.14	56,462.42
Grand total.....	1,268,685,201.39	396,640,184.76	497,483,665.20	289,185,980.17	208,297,685.03

¹ Special credit lines established in favor of banking institutions in countries of the Western Hemisphere to facilitate opening of letters of credit to finance exports from the United States.

² Credit lines ranging from \$2,000, revolving, covering miscellaneous shipments to various countries.

*Export-Import Bank of Washington—Statement of condition as of June 15 1945*¹

ASSETS	
Cash in Treasury.....	\$131, 422. 00
Cash items in transit.....	41, 218. 76
Special deposits.....	185, 669. 32
Total cash.....	358, 310. 08
Deposits with RFC.....	69, 850, 000. 00
Loans:	
Direct.....	134, 240, 063. 55
Acceptancees (by other banks—contra).....	74, 220, 697. 45
Total loans.....	208, 460, 761. 00
Assignments, claims.....	2. 00
Interest earned but not due.....	2, 002, 285. 68
Other assets.....	152, 468. 90
Total assets.....	280, 823, 827. 66
LIABILITIES	
Accounts payable.....	\$25, 692. 12
Collateral funds.....	516, 803. 90
Discount collected but not earned.....	
Deposits by participants in loans.....	6, 928, 793. 86
Acceptancees (by other banks—contra).....	74, 220, 697. 45
Assignments, claims.....	2. 00
Unallocated receipts.....	71, 206. 14
Preferred stock.....	174, 000, 000. 00
Common stock.....	1, 000, 000. 00
Reserve for contingencies.....	3, 491. 96
Undivided profits.....	24, 057, 140. 23
Total capital.....	199, 060, 632. 19
Total liabilities.....	280, 823, 827. 66

The CHAIRMAN. Mr. Wolcott.

Mr. WOLCOTT. You have paid all of your expenses out of earnings, have you not?

Mr. TAYLOR. Yes, sir.

Mr. WOLCOTT. Congress has never appropriated any money for administrative purposes?

Mr. TAYLOR. No, sir, not directly. Its budget is approved by the Appropriations Committee, but no appropriation has been made for it.

Mr. BROWN. What is the profit that you have made?

Mr. TAYLOR. Approximately \$42,000,000 net.

Mr. BROWN. \$42,000,000?

Mr. TAYLOR. Yes, sir.

Mr. BROWN. That is a fine record. That is all.

Mr. MONRONEY. What is the rate of interest on the preferred stock?

Mr. TAYLOR. It started off by being 3 percent, and recently it has been reduced to 2 percent. As a District of Columbia bank, our sales of preferred stock are on the same basis as those of a private bank.

Mr. MONRONEY. Under this new bill you will not go through that same financing process, but you will get your money directly from the Treasury?

¹ Undisbursed commitments, \$374,561,351.43.

Mr. TAYLOR. We will get the original billion without a carrying charge, but anything, or any funds that we go to the Treasury for included in that amount of two and a half times, why, we will negotiate a rate with the Treasury, which we assume will be the over-all borrowing rate for similar Treasury obligations.

Mr. CRAWFORD. Mr. Taylor, how many republics are there in the Western Hemisphere?

Mr. TAYLOR. Twenty-one.

Mr. CRAWFORD. Now, on your table, statement of loans and commitments, I believe you show that they made loans through the Export-Import Bank to 20 of those countries; is that correct?

Mr. TAYLOR. We are the other one.

Mr. CRAWFORD. So, you have made loans to 20 of the Western Hemisphere republics?

Mr. TAYLOR. Yes, sir.

Mr. CRAWFORD. And in addition to those republics we have the British possessions and the French possessions, and what others in the Caribbean Sea area?

Mr. TAYLOR. Puerto Rico, for example.

Mr. CRAWFORD. Of course, that would be ours.

Mr. TAYLOR. And the Dutch.

Mr. CRAWFORD. I want to ask you a question which I think involves the highest policy of this country, and I know Mr. Crowley and Secretary Acheson would be interested in it. What is the policy in the Foreign Economic Administration and in the State Department and in the Export-Import Bank which leads to the building of a capitalistic system in these areas where we furnish money and presumably dominate, to act as what might be termed a buffer state, economically speaking, against the philosophies of Russia, if I make myself clear? You might enlarge on that just a little bit. We are going out here with a program of, I will call it, dollar diplomacy. We have certainly got to contend with some other forces. I want to give you gentlemen a chance, if you care to say anything about it, to inform this committee and the House as to what your policies are with respect to really getting into this thing and impressing American ideals and institutions on these countries where we put up the dollars to do business. Do I make myself clear?

Mr. TAYLOR. Yes.

Mr. CRAWFORD. We may run into the situation where, with the cessation of the operations of the Export-Import Bank, it may become necessary to set up in the State Department not only diplomatic policies, but some economic policies which will carry this deal all the way through. I think I have said enough so that you know what I am talking about.

Mr. TAYLOR. I would prefer to have Mr. Acheson reply to that for the State Department and for the FEA.

Mr. CRAWFORD. But you are the fellow that is putting up the money, and that is the reason I asked you the question.

Mr. TAYLOR. I will answer that in this way: If it is agreeable to you, I will not name the country, except to say that it is a country in this hemisphere.

That particular country has a very definite need for foreign capital to develop its resources, raising the purchasing power of its people, and so on.

We are inclined to think that they have placed too much emphasis on their relations with the Export-Import Bank because it has become, in effect, their sole source of outside capital.

In order to develop that country fully, from their standpoint, they have also set up an organization in their country which is a State-controlled organization.

I pointed out to them in some detail the disadvantages in the terms of a quick development of that country of that particular pattern that they proposed.

I do not think that country had realized that until I pointed out to them, in addition to the outside capital which they need, the emphasis on private capital should be far greater than it had been. If they were to rely on the Export-Import Bank and other United States Government agencies their possibilities of development would be infinitely smaller, both from the standpoint of time and the general pattern under which that country is operating, and that if they will take a combination of the two, with the Export-Import Bank assisting when private capital cannot be had, but placing emphasis on the participation of American private capital with the private capital of the nationals of those countries, that they will get an entirely different system under which then can operate than if they were to do otherwise.

Mr. CRAWFORD. I think that is correct. But suppose that country builds its credit base on the International Credit Bank, the Export-Import Bank, and private capital, using these three agencies that we are now preparing to put into operation and which we know will exist.

Mr. TAYLOR. I think that by using all three they will develop faster, and by putting the emphasis on private initiative they will develop faster than under any other system.

Mr. CRAWFORD. I think so, too.

Here is what I would like to get at. I want your philosophy, if you could give it to us, Mr. Crowley.

We are going out here with a large program to be carried on through this Export-Import Bank and partly through other agencies that may be used.

I am one of those who strongly believe in the so-called capitalistic system to the extent that I would fight for it as quickly as for anything else.

I am trying to find out from you whether or not there is a philosophy among the department heads to the effect that when we go into areas and furnish the money, making loans, for instance, to 20 American countries, is there a philosophy down there to the effect that we are going to carry through with these dollars some of our own ideas, and build up in the minds of the people whose standard of living we raise by doing these things—and that is the primary justification for this program, to increase the standard of living of the people of other countries as well as those in the United States—are we going to build up in their minds a friendly feeling towards the capitalistic system and our institutions, so that in turn, other countries, following different ideals and philosophies with respect to economics, will find opposition to their program because it does not go along with ours.

Do I make myself clear? I will be more specific, if you want me to.

Mr. CROWLEY. I would like to answer that off the record.

(Discussion off the record.)

Mr. CRAWFORD. I will be very specific. In the Foreign Economic Administration they have certain areas set out that are said to be fighting the Administration.

Mr. CROWLEY. What is that?

Mr. CRAWFORD. Let us take Japan, for instance. We know that Japan proper is controlled, economically, by a certain number of families, whether 10, 20, 40, or 60, is immaterial.

Suppose the time comes when we move into Japan and furnish them the necessary dollar exchange with which to do business.

Are we to promote in Japan a continuation of the 20-, 40-, or 60-family control, economically speaking, by furnishing the dollars for the continuation or perpetuation of that system, or do we propose to go into Japan with dollars, insisting that they set up an economic system through which the Japanese people can participate, thereby making them friendly to the kind of system we have, instead of their own kind of system?

(Discussion off the record.)

Mr. CRAWFORD. If you loan my corporation, for instance, \$250,000, you would put one of your men on my board of directors to see that I carry through from the standpoint of economical operation, but you do not assume the liabilities or responsibilities.

(Discussion off the record.)

Mr. GAMBLE. Are you audited by the Comptroller General?

Mr. TAYLOR. We are subject to both the Comptroller of the Currency and the Comptroller General.

Miss SUMNER. Mr. Taylor, what countries do you propose to lend money to, that you know of, in the near future?

Mr. TAYLOR. I can tell you the ones that are currently negotiating with us. At the moment, the European countries are Norway and Denmark.

In connection with the Netherlands we are considering some credits to help restore the situation, not in the Netherlands itself, but in the Dutch East Indies. That will be in conversations with the Netherlands Government. There are several other conversations which we are having, on an entirely preliminary basis, with other countries still subject to the Johnson Act.

Miss SUMNER. There are other countries, such as Czechoslovakia, Yugoslavia, Greece and, as I recall, France, that are asking for some of this money, and it might be we are making loans to them.

Mr. TAYLOR. Other things being equal, if we have the necessary legal authority, we would look very carefully at all of those.

Miss SUMNER. Would you think you would have a good basis for a loan to Russia?

Mr. TAYLOR. Russia's credit record has been extremely good.

Miss SUMNER. Did not somebody testify during the Bretton Woods hearings that most of their loans were short-term loans?

Mr. TAYLOR. I do not think the length of the loans has anything to do with the credit record. The shorter the terms of the loan are in most cases the harder it is for them to pay it.

Mr. BUFFETT. Did not Russia confiscate the factories in the Baku oil field?

Mr. TAYLOR. I am not familiar with that. I am talking about the credit record of Russia since this organization came into existence.

Mr. BUFFETT. They definitely confiscated all of that property.

Miss SUMNER. Have not the Russians been selling our gold at the artificial \$35 gold price?

Mr. TAYLOR. There have been gold shipments which have come from Russia. I do not know whether you can identify them as actually coming from Russia, or through the exchanges. It does not make much difference.

Miss SUMNER. Do you have any idea what the amount of that was?

Mr. TAYLOR. No, I have not. I think we can give that to you.

Miss SUMNER. Can you not get those figures for us and put them in the record?

Mr. WOLCOTT. It would be helpful if you could get the figures of the total production of Russia.

Mr. TAYLOR. That would be a little more difficult.

(The statement above requested is as follows:)

Imports of gold into United States from Union of Soviet Socialist Republics, 1939-44

	Troy ounces	Dollars
1939		
1940	881,000	30,851,000
1941	1,283,000	44,920,000
1942	322,000	11,269,000
1943		
1944		

Source: U. S. Department of Commerce.

Miss SUMNER. I would like to ask you, if you know, has that gold ever been assayed by any of our officials? Do you know about that?

Mr. TAYLOR. I think that gold is gold which appears on the international exchanges, and it all has to be of a certain standard.

Miss SUMNER. Who assays it? Do we assay it?

Mr. TAYLOR. I would say so, or we accept somebody else's assay.

Miss SUMNER. What do you mean by that?

Mr. TAYLOR. If it comes through London, which is a great gold market—

Miss SUMNER. How can you tell whether it is steel covered with gold leaf or something like that?

Mr. TAYLOR. I have never personally bitten any of it, so I cannot testify to that myself.

Miss SUMNER. I think it is a serious question in view of some of the thing that have happened.

Mr. CRAWFORD. Is the international situation such that the Russian Government would refuse to furnish the United States Government with gold statistics? Are we in such a situation in our international relations that they will not furnish us those statistics?

I am trying to find out whether in this particular hour the relationship between the United States and Russia is such, and our position as to gold is such, that we cannot get those statistics from Russia.

Mr. TAYLOR. Under the provisions of the Bretton Woods agreement, it is my understanding that they will undertake to furnish us those statistics.

Mr. CRAWFORD. When that gets into operation?

Mr. TAYLOR. Yes.

Miss SUMNER. I want to ask you a question about using our money to enforce policies of other countries. Personally I cannot see any great improvement over the present policy of giving them money in the shape of lend-lease and giving them money in this way, under their form of government. I cannot see where we are in an improved position. I think that makes us particeps criminis.

Mr. TAYLOR. I am not quite certain just what the question is.

Miss SUMNER. Why do you think it is such an improvement in the policy of loaning them money to occupy Poland and Belgium under such a system, carrying people off to slavery? Why is that a better system?

Why is the present policy any better? What is your basis for it?

Mr. TAYLOR. I am just a simple banker.

Miss SUMNER. You are administering this money, or you represent the administration. I think that is an important point.

Mr. TAYLOR. The questions you raise have never come before me.

Miss SUMNER. They were brought up here today.

Mr. CRAWFORD. Let us take, for instance, the countries of Belgium, Denmark, France, and call them western Europe. Whose theories have dominated in western Europe, the theories of Russia or the United States?

Mr. TAYLOR. In the past and I assume that will be true in the future, the theories of the French people have been carried out in France.

Mr. CRAWFORD. If we are going to fight battles for the next 25 years and put up money for the dissemination of our own economy and then come along with an international program for this country, are our theories going to have some right-of-way in western Europe, or is the opposition theory to have the right-of-way? That is a question I have been thinking about, and I think the people in my district want that question answered.

Miss SUMNER. Look here, these loans——

Mr. CROWLEY. I wonder if I might say this: Miss Sumner, insofar as lend-lease is concerned, we have given lend-lease to our allies to help win the war. We did not give it to them because they were setting up forms of government or had set up forms of government we did not like or did not subscribe to; we gave it to them so that they might help us win the war.

I do not see where the lend-lease philosophy of giving them aid to win the war has anything to do with the Export-Import Bank.

Now, if you do not help these countries and help these people to rehabilitate themselves, the things you are talking about will spread into countries far beyond where they are today. And if you want a stable economy in those countries you are talking about, the best way to do it is to help those people get back into work and healthful occupation. And that is what we are trying to do in the Export-Import Bank. And the Export-Import Bank is not participating in spreading any form of government like you are referring to, but it is the hope that Export-Import Bank and Bretton Woods will have an influence in those countries to stabilize them so that they may be free governments.

Miss SUMNER. That is the very thing in the thinking that I notice in the testimony in the Senate hearings on Bretton Woods. They were saying you should use this Export-Import Bank money; there

was some discussion of the Export-Import Bank in connection with Bretton Woods—and also use Bretton Woods money—that we should give them the money on the theory that if we gave the money to these various countries they would not have totalitarian and communistic governments. That is the policy you use in giving lend-lease.

Mr. CROWLEY. No. That is not the policy we use.

Miss SUMNER. You have given lend-lease to Russia and say it is for use in connection with the war. All right; that is your idea of giving it, but that is not Russia's idea of taking it. And Russia, in taking it, has gone on a side trip down in the Balkans, taken territory of Yugoslavia, Czechoslovakia, and all of those countries and divided up the territory and given the territory of one to the other. You know all the things they have done. That is their idea in taking it.

Mr. CROWLEY. We have given lend-lease aid to Russia to help us defeat the Germans.

Miss SUMNER. Yes; they helped us defeat the Germans——

Mr. CROWLEY. And the lend-lease we gave Russia did help to defeat Germany, did it not?

Miss SUMNER. Yes.

Mr. CROWLEY. That is what it was used for.

Miss SUMNER. That is what you gave it to them for, but that is not what they used it for. In other words, you, by giving it to them without any strings attached, have permitted them to out-bunkum Hitler on some of his policies.

I am saying when you give this money without any strings attached, that is the same policy; regardless of how you want the money used, that is the way it will be used.

Mr. CROWLEY. Let us take Poland: If the Polish Government is acceptable to our Government—and they have promised a free election in Poland—the only way you are going to have a democratic government in Poland is by helping the Polish people get back to work.

Miss SUMNER. We want to keep them a free country.

Mr. CROWLEY. If you do not do anything for them at all, and help them to get their people back to work, then how could you expect they would ever accept any principles of democracy?

Miss SUMNER. When you give them the money, you know the kind of government they are going to get in Poland; they are going to get a communistic government. Ever since they carried the Polish mission into Siberia, the soldiers are afraid to go home, afraid to vote, and you know what they are going to get; they are going to get a communistic government in Poland.

All right; you give them the money with no strings attached to the communistic government either in Poland, Yugoslavia, or any other of those countries, and what happens? They use that money to keep themselves in power, and you know that ahead of time, even though you do not give it to them for that purpose.

Mr. CROWLEY. What would you do—refuse to give them any money at all?

Miss SUMNER. I would give them only a very small amount at a time and be very certain of what they were using it for.

Mr. CROWLEY. We testified this morning that we were not going to loan this money out in large sums to those governments and that we were going to try to exercise some judgment, going to try to get information as to what they wanted the money for and, as they showed

ability to use it for their people, we were going to make loans to them.

Miss SUMNER. But you are not going to give it on the condition that they are going to give up this slave state?

Mr. CROWLEY. I might be, personally, Miss Sumner, 100 percent opposed to what they have done in Poland, Yugoslavia, and other countries. We have recognized their governments, and until this Government and our State Department and our President decide they are going to withdraw recognition, we have to work with them.

You would not want to let all of the people in Poland die of starvation and want because this country would refuse to recognize the form of government that all of the other governments of the world are going to recognize.

Miss SUMNER. Well, it is a difference in the point of view of the way I regard the Russian Government, and I must say I have spent a lot of time talking to people about it who do know and to people who say it is a regular slave state; that the people do not have happy lives and, naturally, on the theory they know they are not going to have a productive situation, because force does not make more production, what happens? All during the thirties we subsidized the Government of Russia doing that kind of thing and now, with the advent of lend-lease, the same system is starting all over Europe, and what do we do? We give the money in there and subsidize it. I think if you did not subsidize it, those governments would not be there, and constitutional governments would have a chance.

Mr. CROWLEY. The spread of that kind of government is not due to lend-lease, or anything of that nature; it is due to economic conditions. When men, women, and children are hungry and are unemployed, that is when you get those kinds of governments. You do not get those kinds of governments when you have full employment, with people living a family life that is normal, and things like that.

Miss SUMNER. Look in all of the Balkan countries; look at Poland; look at the Baltics. Those were not hungry people turning to communism; those were armies of occupation, equipped with lend-lease equipment.

Mr. CROWLEY. For the purpose of fighting the German war.

Miss SUMNER. But given with no condition that it would not be used for that purpose; in other words, given with no strings attached. As I see it, when we did not put strings to our lend-lease, we made ourselves responsible for that kind of government. I think our Government is almost as responsible as Russia for what has happened over there, and this will make this Government responsible for what happens in the future when we give them Export-Import Bank and Bretton Woods money.

Mr. CROWLEY. I think you are wrong about that.

The CHAIRMAN. There is no mandate as to how you lend this money? As I understand, you exercise good judgment as to whom it shall be loaned; is not that true?

Mr. CROWLEY. That is right.

The CHAIRMAN. And you can take into consideration the stability of the government?

Mr. CROWLEY. That is right.

The CHAIRMAN. Its character, and all of those things?

Mr. CROWLEY. That is right—their use of the money, and so forth.

The CHAIRMAN. And whether you shall loan it to them or not, is up to you?

Mr. CROWLEY. That is right.

The CHAIRMAN. You could not go into a government and say "We will make you a loan if you will change your form of government."

Mr. CROWLEY. That is right.

The CHAIRMAN. It seems to me that is the thing we have condemned other governments for doing.

Mr. CROWLEY. That is right. If you do not want the other fellows to use pressure and demand certain forms of government, we have to be careful to see that we do not do it.

The CHAIRMAN. It is very obvious in every corner of the world that it would not be in our province at all to say to some government abroad, "You must change your form of government before we will make you a loan." But, if you did not like the government, you would not have to make them a loan at all?

Mr. CROWLEY. That is right.

Miss SUMNER. We have deliberately participated in changing the government in Poland; we have recognized the Polish Government. And what happens? We say, "You shall have this particular kind of government" instead of the recognized government. We gave lend-lease to Russia to go in there and take them over, and now we will give them this money to go in there and keep them in power. You cannot say your hands are clean in a situation like that.

Mr. CROWLEY. You are getting the Export-Import Bank——

Miss SUMNER. I am talking about the United States Government, whatever form it takes.

Mr. CROWLEY. The Export-Import Bank is not involved in that.

Mr. MONRONEY. Is not this intended to help the American export trade situation, instead of any benefit to any particular government?

Mr. CROWLEY. Except this—I want to be sure we keep the record straight: In addition to helping the export trade, we do feel we have a responsibility to work with other governments, hoping we can give them funds to finance projects that will be most helpful to them.

Mr. MONRONEY. But in order to create better markets for ourselves?

Mr. CROWLEY. If you create good governments in foreign countries, automatically you will have better markets for ourselves.

Miss SUMNER. You know you are not going to create better governments; when you help to set up a communistic government, you know the market is not better. The experience with Russia showed the kind of market we set up was for machine tools and things like that, that were not considered a good market.

That is all the questions I have.

Mr. HAYS. I would like to ask Mr. Taylor about two items shown under the various companies in your statement of loans, two air-line companies principally, Mr. Taylor. I wonder if you remember where this money was spent and for what purpose?

Mr. TAYLOR. The two air lines, you mean?

Mr. HAYS. Yes.

Mr. TAYLOR. No funds have been advanced as yet under those credits. They are for the purchase of equipment.

Mr. HAYS. Those are commitments and not loans?

Mr. TAYLOR. Yes. We are just working out the details of that particular transaction now. No funds have gone out on it; it is entirely for equipment in that case.

Mr. HAYS. I was just interested in what part of the world it was to be spent.

Mr. TAYLOR. In the Caribbean. "Pan American" is really a misnomer, because it is the Pan American and a number of other American interests. They joined with the interests in those local countries to finance some hotel construction. Pan American will not be the dominating factor in it.

Mr. HAYS. Will not be?

Mr. TAYLOR. No.

Mr. HAYS. It includes, in other words, some of the other air companies?

Mr. TAYLOR. Or anybody else.

Mr. HAYS. That 25 million?

Mr. TAYLOR. Yes.

Mr. HAYS. That is set aside for facilities in the Caribbean area?

Mr. TAYLOR. No; in that particular case it is more than the Caribbean. Actually, it is for hotel construction in certain areas, in which local capital will take at least 50 percent.

Mr. HAYS. That is all, Mr. Chairman.

Mr. TALLE. Mr. Taylor, I would like to refer to this sheet of the countries that are borrowers from the Export-Import Bank. The first figure there is about \$93,500,000 for Argentina. Does this tell something about the commodities that are dealt in?

Mr. TAYLOR. It does not go into any great detail as to the commodities. In the case of Argentina, that was really what you might call a stabilization loan, which was never utilized.

Mr. TALLE. That is where it is a normal commodity?

Mr. TAYLOR. Yes.

Mr. TALLE. Now, turning to Brazil, I find in your first statement that is the biggest single item, something over \$199,000,000.

Mr. TAYLOR. Yes; of which \$74,000,000 were not utilized.

Mr. TALLE. Yes.

Mr. TAYLOR. There are a great many cases where a commitment is made and the commitment is not utilized for a number of reasons; one of the reasons being they were not able to obtain the equipment, and the other being that it was financed through other sources. We have quite a number of cases of that character, where we gave a commitment to, let us say, a manufacturer and as a result of our giving the commitment he was able to finance through private channels.

Mr. TALLE. In your other sheet on Brazil, you have listed, I believe, the commodities that these loans were intended to cover. In looking those over, apparently quite a little of the money lent was for the purpose of railroad building.

Mr. TAYLOR. In one case, it is railroad building, but a large portion of that is railroad equipment.

Mr. TALLE. Rolling stock?

Mr. TAYLOR. Yes. In fact, that is one of the most active markets there is, has been in the past, and I think certainly will be in the future—the demand for American transportation equipment of all sorts, whether it is railroad, trucks, airplanes, and so on, including certain types of ships. It is certainly the greatest in our history.

Mr. TALLE. Do you know what kind of mills are referred to here?

Mr. TAYLOR. Steel mills.

Mr. TALLE. For the manufacture of steel?

Mr. TAYLOR. Yes, sir.

Mr. TALLE. Then there is electrical equipment.

Mr. TAYLOR. That is for the electrification of a section of one of the railroads there.

Mr. TALLE. Do you know what portion of that loan might have been used for the purpose of developing a cotton industry?

Mr. TAYLOR. None of it.

Mr. TALLE. None at all?

Mr. TAYLOR. Yes—unless you can say in some cases the improvement of transportation helps develop the cotton industry.

Mr. TALLE. I remember Mr. W. L. Clayton testified in connection with Bretton Woods that there had been a tremendous rise in the growing of cotton in Brazil.

Mr. TAYLOR. There has been.

Mr. TALLE. And that Brazil had captured our market in Germany prior to the outbreak of the war.

Mr. TAYLOR. Yes, sir.

Mr. TALLE. That is all.

Mr. THOM. I notice on page 1 the loan of \$349,000 to the Bank of Brazil simply says "Dollar exchange." Why do you list it thus?

Mr. TAYLOR. What page?

Mr. THOM. Page 1.

Mr. TAYLOR. That particular transaction had to do with a commitment which we gave to aid in the purchase of some German firms.

Mr. THOM. Now, after making loans, do you have men on the ground to follow the application of the money?

Mr. TAYLOR. I did not get the question.

Mr. THOM. When you make loans, do you follow the application on the ground of how the money is being spent?

Mr. TAYLOR. Oh, yes.

Mr. THOM. You have representatives?

Mr. TAYLOR. We do that very largely through reports. Our general set-up is that no funds are expended unless we get a list of what it is for, with the proper documents, beforehand.

Mr. THOM. I just want the record to show that Czechoslovakia, one of the countries discussed awhile ago, had a balanced budget before the war; therefore, I think it is a pretty good risk for any loans that might be contemplated.

That is all.

Mr. BUFFETT. I am not going to ask many questions. I am familiar with the regimentation that exists in this House. I know this is going through without any battle, and this is simply a perfunctory sort of sham battle that we have here.

I want to ask you if you are familiar with the gold holdings of the various South American countries.

Mr. TAYLOR. Yes, I am. I would not be able to give them to you from memory.

Mr. BUFFETT. I would not expect you to, but are not they about as high as they have ever been in the last 10 years or more?

Mr. TAYLOR. I think they are higher than they have ever been in their history.

Mr. BUFFETT. Then their capacity for securing private credit should be higher than it has ever been in their history; is not that correct?

Mr. TAYLOR. Yes.

Mr. BUFFETT. Now, here is a question that was asked that I am unable to understand, that is, how you folks can justify the loaning of the dollars of American citizens to these countries for the purposes mentioned here, at a time when the American citizen in trying to use his dollars is either severely restricted or is outlawed entirely in the case of many lines of production?

Mr. TAYLOR. Any purchases that are made by the Government in question under these credits are screened by FEA or various other agencies of our Government which do screen that type of purchase, so that there are a great many cases where you have commitments that have been made for purchase, which I think I mentioned to Mr. Talle a minute ago, which actually are not delivered and will not be delivered until those goods are in free supply. There are certain cases where deliveries have been made and those would not be consumer goods. But let us take construction materials which had a direct bearing on the war production of those countries, which was, in turn, utilized in our war production: I do not know of any cases which would come under the general statement you made.

Mr. BUFFET. I notice in the list of those there were approximately \$25,000,000 of loans authorized for railroad equipment. It certainly is a matter of common knowledge that railroad equipment in this country is desperately needed. Of course, I can see there may be an explanation, there may be a genuine reason why that kind of equipment in Central America and South America is more important in the war than it is to move our corn out in Nebraska, but I think that would require considerable explanation to show my farmers back home.

Now, on the question of those loans generally, is it not true inevitably, if we go in as a nation and make a loan, it has political considerations at the bottom of it, and in every one of these loans where we back a group that makes the loan, don't we strengthen their hand to the point where they are going to stay in power as long as they have money; just as the politician, as long as he has money, he stays in power? I think you do not have to go far to find that to be true.

Now, how can you make loans without taking the position of keeping the party in power? Take Belgium: Right at this time I am told Leopold is not very popular in Belgium and the people there do not want him to come back. I can see how they can be swayed very quickly, at least temporarily, however, if Leopold was accompanied by a nice big credit from the United States. And how can you avoid taking a position of supporting the party in power?

Mr. TAYLOR. I do not think it has worked out that way in the past. I think that is the only basis you could go on; because, almost without exception, what the bank does is to finance a specific thing.

Mr. BUFFET. Yes; but every specific commitment has political implications, certainly. In the employment of the people, certainly every WPA project in the old days had political implications, no matter how specific it was.

Mr. TAYLOR. There were a number of changes in governments which occurred in some of the countries in the 11 years of the life of the Export-Import Bank, and the action one way or the other of the Export-Import Bank, as far as I have been able to determine, has never had any effect on them. So I can only assume that will be true in the future.

Mr. BUFFETT. That conclusion is directly contrary to the one in the book by Carlton Beals, is it not, on Central and South America? He says that some of our loans and spending policies down there have created governments. I have not been down there and I would not know if I had been down there, because all I hear is different stories calculated to influence us.

Mr. TAYLOR. In my experience in connection with the Export-Import Bank, I have not been able to detect what you are talking about.

Mr. BUFFETT. That is all.

Miss SUMNER. On that question: As a matter of fact, we had a Nazi policy of penetration in the early part of the war down in South America. One of the chief purposes was to get rid of the Nazi penetration down there, Mr. Jones testified.

Mr. TAYLOR. That did not have anything to do with the local government itself. It was an entirely different question.

The CHAIRMAN. The next witness is Mr. Acheson.

You need no introduction to the committee, so that you may proceed.

STATEMENT OF HON. DEAN ACHESON, ASSISTANT SECRETARY OF STATE

Mr. ACHESON. Mr. Chairman and members of the committee, I have a short prepared statement which I shall now bore the committee with. It merely repeats much of the material already stated by Mr. Crowley, and I will just present it for the record, if that is agreeable to the committee.

The CHAIRMAN. Yes; it may be filed for the record.

(The matter above referred to is as follows:)

STATEMENT BY HON. DEAN ACHESON, ASSISTANT SECRETARY OF STATE, BEFORE THE BANKING AND CURRENCY COMMITTEE OF THE HOUSE OF REPRESENTATIVES

Hostilities have been concluded in Europe, and the 180 million people who live on that continent in the Allied countries are faced with the task of clearing away the debris of war and beginning the reconstruction of their economic life. Enemy occupation and invading armies have almost brought the tempo of the European economy to a full stop. Suffering and unrest lurk as possibilities in those shattered lands.

I believe it is particularly important at this time to consider legislation enlarging the lending authority of the Export-Import Bank and extending the life of that institution.

The bank was established in 1934 to assist in financing trade between the United States and other countries. Created as it was, when we were experiencing the effects of a world-wide depression, the bank was conceived of as an instrument of our economic foreign policy. Our foreign trade had contracted greatly in the preceding years and it became essential that we facilitate the process of exchanging goods between the United States and people abroad. This function the bank performed very successfully.

In 1940, when the scope and resources of the bank were expanded, it acquired the additional function of assisting this Government more effectively in the difficult international situation which then prevailed. The bank was called upon to implement our foreign economic policy by combating the extensive Axis penetration in Latin America. It was also called upon to assist generally in our defense program and in the development of needed sources of strategic materials. It played an important part in the achievement of hemispheric solidarity when Axis activities threatened the safety of this country.

Today the Export-Import Bank is a tested instrument, ready at hand as we face different and urgent problems. Its resources, however, are at present entirely inadequate if it is to be effective.

I need not catalog for this committee the wide-spread destruction which has taken place in Europe. You are fully aware that military operations have destroyed major industries, railroads, public utilities, and port facilities across the face of the continent. Unless conditions in Europe can be improved promptly, the trend of events there and the social unrest which threatens will inevitably have their repercussions in the United States. This country cannot expect to maintain healthy economic and social conditions and a high level of employment at home unless conditions abroad are reasonably satisfactory. These are matters of our foreign economic policy which lie at the root of all of our efforts to find an enduring peace.

It is precisely in this area of operations that the needs are most urgent and prompt action is required. Meeting these needs is not only a relief operation, although relief through UNRRA and through the efforts of the countries themselves will have to continue on a very large scale for a considerable period of time. Meeting the demands of the war-torn countries is also a matter of good business for the United States. In normal times these countries buy large quantities of American goods; in fact, they are our best customers. The restoration of their productive capacity means greater prosperity for American industries and for American workers. Only if people will purchase our goods, can this country convert its greatly expanded war industries to a high level of peacetime production, and we shall need to find some of our customers abroad. American business will find a profitable outlet in foreign countries because they must have our goods.

But it is not simply because it is good business for the United States that the Department of State urges the granting of increased lending authority to the bank. We cannot afford to delay making credits available to those who have suffered from the destructive impact of war. Their needs are desperately urgent if they are to survive another painful winter. Unless the Export-Import Bank is able to extend credits now for the purchase of the basic materials and tools which Europe needs to put its productive facilities in working order, there will be no other way to provide such loans.

It is not our policy to utilize lend-lease funds for purposes other than those that are clearly related to the winning of the war. Our contribution to UNRRA is for relief purposes and is not available for reconstruction. The proposed International Bank will, it is hoped, be a most useful institution, but it is not a substitute for the Export-Import Bank.

Although the Congress may soon approve United States participation in the International Bank, considerable time will elapse before actual loans can be granted. The International Bank will not come into existence until countries have joined the bank whose subscriptions to its capital constitute 65 percent of the Bretton Woods quotas. Even then time will be necessary to complete its organization and actually begin operations. It is quite clear that the International Bank cannot commence operations before the first of the year, and an additional period will be required before it can be expected to extend loans for approved projects. The Export-Import Bank on the other hand is a going and experienced institution, and is ready to act immediately.

Quite apart from the element of time, which makes reliance on the Bretton Woods institution impossible, it must be recognized that the International Bank was never intended to provide financing adequate to meet all of the pressing needs. Private capital must also play a large part. The Export-Import Bank can assist and supplement private capital through direct participation in loans to cover the export of needed materials and equipment.

The use of even the limited funds which the bank now has is restricted under the law by the prohibition against any loans to a government which was in default in its obligations to the United States on April 13, 1934. This limitation is comparable to the prohibition in the Johnson Act against private loans to any government in default in its obligations to the United States. The Johnson Act will be repealed with respect to the members of both the International Monetary Fund and the International Bank for Reconstruction and Development if the Bretton Woods Agreements Act is adopted. But loans to the countries involved need to be made immediately in some cases, and private capital should be permitted to play its part in this financing.

These limitations on lending are fundamentally wrong in principle and as developments since they were enacted have indicated, should never have been adopted in the first instance. Because certain governments have not settled their debts to this Government arising out of the First World War is not, I believe, adequate reason to deny them access to American capital, thereby harming ourselves as well as them.

Some of the countries barred under the Johnson Act and the Export-Import Bank legislation, such as the United Kingdom, France, and Belgium, have higher credit standing than many countries not banned by the legislation. Many of our large and strong domestic corporations, including most of our railways, have at one time or another been in receivership. In domestic affairs if a debtor is unable to pay we do not forever prevent him by law from borrowing again, but leave the matter to the discretion of investors.

In the present war the United Nations have pooled their resources of men and materials in the common effort. We recognize that this is our war and that we should not expect to be reimbursed for fighting it. The nations are aiding each other not by the lending of money and the creation of debt, but by lend-lease and reciprocal aid.

It is time that we recognized changed circumstances and removed the limitations on lending applicable to the Export-Import Bank. It is also time to repeal the Johnson Act.

Expansion of the lending authority of the bank is part of this country's program for international economic cooperation, which includes participation in the Bretton Woods institutions and other international organizations still to be created. The State Department considers it highly important that the proposed legislation regarding the bank be enacted promptly.

Mr. ACHESON. I think the only matter which I need to stress before the committee, Mr. Chairman, is the need for some expedition in the passage of this legislation. And I should like to draw the committee's attention in that connection to the provisions of the International Bank agreement which were before this committee a short time ago; because by refreshing the committee's recollection on those provisions I think it will be clear to the committee that it will take some time for the International Bank to get into operation; therefore, we will have a gap between the end of the extraordinary methods which have been used in the war under lend-lease and the relief through UNRRA and the time when loans can be made for the purpose of rehabilitation and reconstruction, unless we have this legislation.

All I wish to do is to call the committee's attention to the provisions of the International Bank agreement, particularly article 2 which is entitled "Membership in and Capital of the Bank," and the committee will recall from that article that the capital of the bank was divided into two parts—20 percent, which was to be paid in, and 80 percent which was to be called on guaranteed loans.

Now, the 20 percent was to be paid in over a period of approximately 18 months, and the first payment, which was to be in gold or the equivalent of American dollars, was only 2 percent. So that after the bank is formed and after it begins its operations, it will have a paid-in capital of only \$200,000,000, and the remaining 18 percent, which is to be paid in the currencies of the participating countries, is paid in—8 percent during the first year, and the remainder in the second year, but not more than 5 percent in any 3-month period. So that it would take a very considerable time to get in even 20 percent of the paid-in capital.

The committee will also remember that the real functioning of the bank was through guaranteeing loans or through the selling of its own obligations in the market and financing loans from the proceeds of those sales. It will take some time in order to get the private investment market used to the obligations of the bank, or obligations guaranteed by the bank, and in order to get up regulations involving savings banks and other companies and other trust firms so that they can invest in loans guaranteed by the bank. Therefore, there may be quite a considerable time before any funds are available for loans and

a very great need, both from the point of view of this country and the point of view of foreign countries, for those loans.

For that reason, we wish to urge upon the committee the importance of this legislation.

I think with that statement, Mr. Chairman, anything else I could say would be a repetition. The State Department heartily endorses this; it is enthusiastically in favor of it.

I think now I will just submit myself to questions.

The CHAIRMAN. You do not know of any substantial opposition to this legislation, do you?

Mr. ACHESON. No, sir; I do not know of any.

The CHAIRMAN. Are there any questions?

Mr. WOLCOTT. I want to clarify one or two things from the standpoint of the administration. As I understand from Mr. Crowley's statement this morning, these loans are expected to be made on a sound basis, principally for the purchase of capital goods with which to rehabilitate the economies of the various countries getting the loans.

Mr. ACHESON. I so understand, Mr. Wolcott.

Mr. WOLCOTT. I understand, also, it follows that the loans shall not be made primarily for social reforms. Is that right?

Mr. ACHESON. That is what I understand.

Mr. WOLCOTT. It would be natural if we make loans through this Export-Import Bank and through the International Bank for Rehabilitation and Reconstruction, it is going to help the other countries get their feet on the ground so that they will be able to give employment to their own people, thereby obviating the further necessity of our making available relief loans? Is that a correct understanding of it—that one of the purposes of this bank, or the expansion of the capital, rather, is to make available money and credits for the purchase of capital goods which will necessarily result in creating employment in those countries, thereby relieving the relief loan question?

Mr. ACHESON. I think that we are in substantial agreement, Mr. Wolcott. The great need of the world at the present time is for the reconstruction of the areas of the world which have suffered from the war and for development in areas which are backward economically.

It is true that advances of capital funds can do that, and as means for the production of wealth are increased in any country the difficulties which you mentioned disappear.

Mr. WOLCOTT. Then, you consider this is essential for that transition period between now and the conditions that we hope to see in a few years from now?

Mr. ACHESON. I think it is essential for the transition period and I think the Export-Import Bank as an institution will be a necessary supplement to the International Bank.

Mr. WOLCOTT. Do I understand—and I think I do—that this bank as it is now set up and as it is proposed to be set up, could make currency-stabilization loans?

Mr. ACHESON. I understand from what I have heard here today that such a loan has been made, loan or loans, but were not used for that purpose.

Mr. WOLCOTT. It is possible?

Mr. ACHESON. It would be possible; yes; but it would not, as I understand it, use its funds for that purpose because the funds will be set up, we hope, to take care of that need.

Mr. WOLCOTT. What is the condition of the Stabilization Fund? Has it expired?

Mr. ACHESON. I am afraid that I cannot answer that. It may have expired on the 30th of June, but I cannot answer that accurately.

Mr. WOLCOTT. The fund does not expire. It is there, we hope, but the use to which the fund may be put has expired.

Mr. ACHESON. That is what I thought you were talking about.

Mr. MONRONEY. During the Bretton Woods hearing it was testified that it had been inoperative since 1939.

Mr. WOLCOTT. I understand.

Mr. BROWN. I just want to say that I think this Export-Import Bank deserves a lot of praise. If we go to making these loans that are contemplated to be made under the Bretton Woods agreement and the International Bank, do you have any reason to believe those loans will not be good?

Mr. ACHESON. I have no reason to believe that at all. I believe they will be good.

Mr. BROWN. I am just afraid some people might think that going into those types of loans, different from what we have made before, there might be some danger of losing some, but if we operate as a bank should operate I do not see why they should make any loans that will not be good, and I do not think they will, do you?

Mr. ACHESON. No, sir; I do not.

Mr. GAMBLE. Mr. Acheson, does any other country have an institution similar to the Export-Import Bank?

Mr. ACHESON. Various other countries have institutions for guaranteeing or helping the exporters of their countries. Quite a few countries have that.

Mr. GAMBLE. I suppose some of the other countries are going to give a little aid and assistance in this intervening period. They are not going to sit idly by and let us get all the business.

Mr. ACHESON. I earnestly hope they will give assistance, and I believe they will.

Mr. GAMBLE. It is not anticipated that we will carry the entire load through this intervening period.

Mr. ACHESON. That is right.

Mr. GAMBLE. What we are doing is for our own benefit as well as for the benefit of other people, from all business angles.

Mr. ACHESON. That is right.

Mr. WOLCOTT. Primarily the setting up of this bank will facilitate the movement of American goods into foreign markets.

Mr. ACHESON. Yes.

Mr. MONRONEY. I am completely in sympathy with the bill setting up the Export-Import Bank, with the need for it, with the need for private financing of legitimate exports, but I would still like to know, and I am in no way satisfied with the explanation given yet, as to the complete repeal of the Johnson Act. I would like to know what study the State Department has given to that. As I understand this repeal of the Johnson Act, 2 days after this passes we open up the door for hundreds of millions' worth of American dollars to be invested in the building up of the Krupp Works and a lot of rearmament factories in Germany, and I do not think that the country wants to permit that.

Mr. ACHESON. Let us be clear about what the Johnson Act did, what it was passed for, what its provisions were, and then let us get clear on these enemy countries which seem to be the ones that chiefly disturb you.

The Johnston Act was not an act for the protection of American investors. This is all an afterthought. That is something that has been injected into it long after it was passed. The Johnson Act prohibited loans made to governments or agencies of governments, or loans guaranteed by governments or agencies of governments, which were in default to the Government of the United States. The basic part of the act was that if a government should be in default to the United States, then no one could lend to that government or the agencies of that government.

Mr. MONRONEY. Does that language include corporations?

Mr. ACHESON. It has only to do with loans which are to a government or a governmental institution, or loans which are guaranteed by that government, or that governmental institution. That is all it is. There is not anything else to it, so private organizations in any one of these countries, so far as the Johnson Act is concerned, could have gone ahead, and some of them did go ahead, floating loans in this country. That act was not an act for the protection of the American investors; nor did it in effect protect American investors. That act was a retaliatory act to punish governments which had been in default to the United States.

In the present situation of the world it makes no sense at all. We do not want to punish those governments which, because of a default on World War I loans, are now in default to us. The necessities of the situation are such that those governments and those peoples have to be helped. If we want to protect the American investors the way to do it, as testified this morning, is first of all through the SEC. The SEC will cover all public offerings to the American public. Whether they are by foreign borrowers or by domestic borrowers they will be covered.

Now, if you want to go further than that and protect American companies from investing abroad, you can pass legislation which will require those companies to report to the SEC what they are doing. That is understandable and may be a wise thing to do. I hope you follow what I mean.

Suppose that the United States Steel Corp. wants to build a plant in Costa Rica, or somewhere else. At the present time, it goes ahead and does that. It does not have to report to the SEC. If the Congress should be afraid that the stockholders of the Steel Company will suffer because the company makes investments abroad of its own funds to build plants of its own, you can require the company to report to the SEC and the stockholders will know about it. That covers the protection of the investing public.

Mr. MONRONEY. All that covers is the protection of the investing public, but it does not protect this Government against investments that are strictly adverse to our long-time interest economically and our peaceful interests.

Mr. ACHESON. Now, coming to the enemy countries, let us deal with those first and then we can talk about the rest of your worries.

So far as the enemy countries are concerned, we have at the present

time cut off all relationships of any sort with them. Before any resumption of relationships is permitted, we will have gone through all the business of occupation, peace settlements, and doing whatever we want to do. Now, if at the end of that period we still do not think we have done a job on these enemy countries, then you can pass any sort of legislation you wish prohibiting the resumption of commercial or financial relations with them.

At the present time an American cannot lend money to Germany or to Japan because we are at war with them.

Mr. MONRONEY. What law would cover that?

Mr. ACHESON. It violates the freezing regulations of the Treasury; it violates the Trading With the Enemy Act. You cannot carry on business or financial transactions with enemies of the United States. The United States will permit that under such terms and at such times as the Government decides it is wise. After the war is over, after the occupation, after we permit these countries to again have contact with the rest of the world, that can be done; so I do not think that you need worry about the enemy countries.

Now, if you are worrying about other countries, the Johnson Act is a very haphazard way of dealing with the situation. The Johnson Act picks out only those particular countries that happen to be in default to the United States. It does not pick out all countries. If you want to put all loans to any foreign countries under governmental supervision then you have to have more and different legislation. The Johnson Act is not the medium for that sort of protection, even for the Government or investors.

Mr. MONRONEY. It happens that that is the only immediate act I thought that would prevent through happenstance, you might say, investments that would be adverse to the national interest.

Mr. ACHESON. It protects by prohibiting. You do not want to prohibit; you want to do something else. Do not do it through the back door by saying that the only time an American can lend to any country which happens to be in default is in association with the Government. That is not the way to do it.

Mr. MONRONEY. I am not supporting the Johnson Act unchanged, but it seems to me when the times come, as it apparently has come now to repeal it, the State Department should have come in with other language that might be designed to protect our national rights and foreign investments.

Mr. ACHESON. That may be. We think that the interests of the United States will be protected. If Congress wants more legislation on it, let us address ourselves to that point. The difficulty now is not in prohibiting a great rush of lending; it is trying to get somebody to lend. You have plenty of time to protect the United States, or its investors, from foreign loans, if that is what the Congress wants to do.

Mr. MONRONEY. Only for foreign loans adverse to our national interest.

Mr. ACHESON. In the first place, this bank will be under the control of the Government, so it will not be making loans.

Mr. MONRONEY. I am not worried about the bank. I am worried about what we are doing for private investors.

Mr. ACHESON. What seems to us to be the necessity at this point is to encourage and get people back into a state of mind to make loans

rather than subjecting them to a lot of governmental regulations which may not be necessary. If they become necessary, then the Congress can take action on its own accord, or the Executive can recommend action.

Mr. MONRONEY. Oftentimes the evils of loans adverse to our national interest grow up rapidly. For example, loans of such a nature would probably be in the market at perhaps a 10-percent interest rate, and once they grow they are hard to root out. It seems to me that the evils should be anticipated and looked for before the practice of making that kind of loan begins to grow.

Mr. ACHESON. Personally, it does not seem to me to be a real worry. I do not think that people will be lending money at 10 percent or 8 percent. I do not think people will be borrowing it. I do not think that is a real worry at this time.

Mr. MONRONEY. How long after World War I was it that we were building stadiums of all kinds in Germany?

Mr. ACHESON. That was in the middle twenties.

Mr. MONRONEY. It was not very long after World War I?

Mr. ACHESON. No.

Mr. MONRONEY. And American money was seeking those high interest rates, and those bonds were peddled all over this country.

When does an enemy country cease to be an enemy country under the Trading with the Enemy Act?

Mr. ACHESON. When a proclamation or order is issued to that effect by the President.

Mr. MONRONEY. Unconditional surrender would not necessarily apply.

Mr. ACHESON. Oh, no. An order has to be issued.

Mr. MONRONEY. So, in your opinion, the trading with the enemy countries would be impossible until a proclamation has been issued?

Mr. ACHESON. Until it is permitted by the Government.

Mr. MONRONEY. Then, under present legislation, it would all be taken off and we would be absolutely free to rebuild our armament plants.

Mr. ACHESON. No; I do not think that for a moment.

Mr. MONRONEY. What law do you have? The war ends. You declare the termination of hostilities and remove your controls over the enemy countries, and then your private capital is free to flow into any kind of project that they might be willing to plan to finance.

Mr. ACHESON. The whole purpose of the occupation and plans for the control of the enemy country is to prevent that very thing, and if the Government were silly enough to do what you have just outlined, it would be almost mad.

Mr. MONRONEY. I am looking for the law that prevents it.

Mr. ACHESON. In the first place, I have already referred you to the law and it is now on the books. The next thing that prevents it is the occupation by the armed forces. A third thing that will prevent it is the various treaties or whatever is gotten up after the occupation to permit these countries to have some relationships with the rest of the world, and the fourth thing that will prevent it will be the legislation which will be introduced, if any is necessary, to police and implement those arrangements with the enemy countries. It is not a problem now at all.

Mr. MONRONEY. Your position is that as the law now stands, it affects adversely our chance of selling goods and financing the improvements to friendly nations.

Mr. ACHESON. Yes.

Mr. MONRONEY. And has no effect whatever on the unfriendly nations?

Mr. ACHESON. That is right.

Mr. MONRONEY. That is all.

Miss SUMNER. Mr. Acheson, it seems to me from one quotation I read that was given to me that the direction of our loans is apt to be toward actively setting up State direction in these different countries. The quotation to which I refer is one from a bulletin issued by the Department of Commerce printed in the Survey of Current Business in November 1944. [Reading:]

The first obstacle may be overcome in part by a guarantee of foreign loans such as is contemplated on an international basis in the proposed International Bank. The second obstacle is of a more stubborn character. It resides in the various limitations upon the speed of industrialization and the rate of absorption of foreign capital by an under-developed country. One of these is population and the size of the labor force equipped to use modern tools. Another consists of the necessity of creating certain facilities such as communications and power before extensive manufacturing operations can be begun. Then there are political and social adjustments involved in industrialization, some of them of a serious nature. Because of these limitations, the abstract requirements of a country for capital equipment and for foreign capital must be discounted heavily, except under conditions of complete State direction.

Is that your view?

Mr. ACHESON. In the first place, I think that I had better explain to you what they are saying there because you appear to completely misunderstand the purport of that quotation. What the Department of Commerce is saying is that the capacity of the undeveloped countries to receive loans and use loans is very much limited by the state of its social and economic development.

Miss SUMNER. I understand that.

Mr. ACHESON. Take, for example, a totally undeveloped country where there is no education, where there is no transportation. You cannot use very much investment capital in that country. You have first of all to get the degree of education so that you can get workers who can understand and use machinery. You must have transportation; you must have roads; you must have a great many things.

Now, what the Department of Commerce is saying is that in a country such as that it takes a very long time to begin to educate those people unless that country happens to be one in which there is an arbitrary and absolute power so that the government can then say that everybody must go to school, or that everybody must do this, that, or the other. The Department of Commerce is not saying that it approves or thinks that state direction is good. It is saying that where you have state direction you cannot tell how long it will take to bring about these changes. If you do not have state direction, you know that it will take a very long time because it is a process of evolution.

Mr. BUFFETT. Of course this loaning policy is state-directed and we are the state doing the directing.

Miss SUMNER. Here is what they say in this last paragraph [reading]:

Because of these limitations, the abstract requirements of the country for capital equipment and for foreign capital must be discounted heavily, except under conditions of complete state direction.

In other words, they say that a country cannot use much capital equipment obtained from the United States, if it is an undeveloped country, unless it is under state direction. That is to say, if all these communistic revolutions succeed they can use a lot of United States capital; if they do not succeed, they will not be able to use much for a long time to come.

Mr. ACHESON. That is certainly not the statement. There is no use in our arguing about what someone else wrote. The gentleman who wrote those words is sitting right here on my right. He tells me what I said is absolutely true. If you do not believe it, I think that ends the argument. We are just wasting time arguing about this. You happen to be wrong about it. It is a question of interpreting what somebody else meant. What I said he meant is what he meant, and he is right here and you can ask him.

Miss SUMNER. I will take your word for it. I do not understand why it takes so long to get Bretton Woods ready. It is ready to start, is it not, according to the terms of the agreement?

Mr. ACHESON. It is ready to start.

Miss SUMNER. In other words, take Russia, the United Kingdom, the United States, the Netherlands, they would start the bank, or the fund, would they not?

Mr. ACHESON. That is correct. I do not know just what your question is.

Miss SUMNER. I cannot understand why it takes 2 years to start the bank under those circumstances.

Mr. ACHESON. I do not think you were here when we were talking about that a few moments ago. What we were pointing out was that under the International Bank agreement 20 percent of the capital of the bank is paid in. The rest of the capital is a guarantee. Now, in respect of the 20 percent, 2 percent of it, or \$200,000,000, is paid in at the outset. Of the remaining portion, 8 percent is not paid in until some time during the first year of its existence. Then the remaining 10 percent, which makes up the 20 percent of the paid-in capital, is paid in over the second year so that you come to the end of the second year before you have the 20 percent which is paid-in capital.

Then I went on to point out that the real operation of the bank consists in guaranteeing the obligations of its borrowers, and selling those on the private-security market in this country and in other countries. The private-security market has got to be educated to get used to these guaranteed obligations. We have got to adjust the regulations of savings banks, insurance companies, trust funds, and so forth, so that type of fund which is the very large investment fund which goes into fixed obligations, will be available to buy those securities.

Therefore, it takes you about 2 years to get the 20 percent of the paid-in capital, and it will take you considerably longer than that to educate and get the investment market used to these obligations.

There will be no great volume of lending through the International Bank for some years after it is started. You are quite right, that it will be organized as soon as 65 percent of the subscriptions are in.

Miss SUMNER. What is the obstacle in the way of the fund starting up?

Mr. ACHESON. The fund, of course, is not making long-term investment loans. The fund is for other purposes. We are talking about these loans for the purposes of capital investments.

Miss SUMNER. Well, this week—I think it was this week—perhaps last week—the United States News started out with the statement, as I recall—perhaps I misinterpreted it, but it has been used again and again—that the foreign governments would get only \$6,000,000,000 out of the whole Bretton Woods bank and fund together.

Mr. ACHESON. Who would only get that much?

Miss SUMNER. Foreign governments could get only \$6,000,000,000 out of the United States. As I see that operation, they could get unlimited millions out of there, depending on the way they used the powers in the fund. Is it your idea that the amount of money that can be made available from the fund is limited to \$6,000,000,000?

Mr. ACHESON. Well, I think it is perfectly clear that the subscriptions of the United States are \$2,750,000,000 to the fund, and \$3,125,000,000 to the bank.

Miss SUMNER. That is the capital.

Mr. ACHESON. Those are the funds.

Miss SUMNER. Is it your idea that \$6,000,000,000 is the total that foreign governments can get in dollars from the United States out of the operations of the fund, plus the bank?

Mr. ACHESON. Of course, if a government purchases dollars from the fund and repays the dollars, somebody else can purchase the dollars from the fund and repay them. If you mean it is a revolving fund, why, yes, of course.

Miss SUMNER. Do you mean, "Yes; they are limited to \$6,000,000,000," or it is unlimited?

Mr. ACHESON. I do not say that it is unlimited at all. I think that we misunderstand each other, or that we will misunderstand each other shortly and go off on a confusing argument. All I am trying to make clear is that the quota of the United States in the fund is \$2,750,000,000. That is all of the United States quota. It is not unlimited. It cannot be called upon for more. That is fixed, and that is limited.

Miss SUMNER. I am not arguing about quotas.

Mr. ACHESON. What I did say was that if another country comes to the fund and purchases dollars and puts in its own currency, and then, in accordance with the requirements of the fund, repurchases its own currency and puts in gold or some other currency, then that is available for purchase later on. If you interpret that as saying, that it is unlimited, why, then it is.

Miss SUMNER. That was not quite my interpretation, although I agree that they can do that.

Is it not true that in the International Bank, the foreign governments in the fund can get \$9.1 billion in guaranteed dollar loans from the United States?

Mr. ACHESON. Are we talking about the bank or the fund?

Miss SUMNER. I am talking about the bank.

Mr. ACHESON. Would you repeat your question?

Miss SUMNER. Is it not a fact that foreign governments in the fund can get a total of \$9.1 billion worth of loans from the United States which will be guaranteed by the bank?

Mr. ACHESON. You mean if the entire lending power of the bank were used and we agreed that it should be used for the purpose of borrowings in the United States, could they borrow that much?

Miss SUMNER. Yes.

Mr. ACHESON. I assume so; I do not know about the figures.

Miss SUMNER. That is a fact, is it not?

Mr. ACHESON. The total borrowing capacity of the bank would be \$10,000,000,000.

Miss SUMNER. Were you present when Mr. Brown testified in the Senate? He testified that they could get that much total dollars.

Mr. ACHESON. Of course, you understand, Miss Sumner, that before anybody can borrow in the United States with the guarantee of the bank, the United States Government has to agree that that should be done.

Miss SUMNER. Not the United States Government; the representative on this council that is set up; is that right?

Mr. ACHESON. Well, that is the United States Government.

Miss SUMNER. That is not the Congress or the Government of the United States.

Mr. ACHESON. All right; let us say the permission of the United States has to be given. That borrowing is not from the Government of the United States. It is on the private market. Of course, it is inconceivable to me that all the borrowing should be in the United States or that we should agree to that. However, what you say is theoretically possible.

Miss SUMNER. Is it not also a fact with respect to the fund that foreign governments could, without coming to the Congress, whether or not the representatives of the Council agreed, get \$21.2 billion without the fund having to waive the restrictions?

Mr. ACHESON. I do not know how you figure that out. I could not answer that. I think that is over my head. I just do not know.

Miss SUMNER. It is a fact that the fund can waive all the restrictions on the amount of dollars that a foreign government gets out of the fund, is it not?

Mr. ACHESON. I do not recall; I presume it can be done.

Miss SUMNER. My point is this—

Mr. ACHESON. I do not see where your figure comes from. It does not coincide with anything I have ever heard of.

Miss SUMNER. That is in plain English there, and there is no use in not believing your eyes. I notice, when Bretton Woods went out on the floor—there were very few people—it was constantly stated that it was limited to \$6,000,000,000 which does not accord with the plain English of the agreement. And I wonder how much of the sentiment for this Export-Import Bank arises from the fact of people thinking that the amount of American dollars that foreign governments can get through Bretton Woods is limited to \$6,000,000,000. That is not your theory, that it is limited to \$6,000,000,000, is it?

Mr. ACHESON. You and I have been over that several times and we are not testifying about the fund. The quota of the United States is \$2,750,000,000. That is the quota of the United States. How many times dollars can be sold and repurchased, and sold and repurchased,

nobody can possibly tell. But that does not, to my mind, carry the conclusion that it does to yours.

Miss SUMNER. How do you estimate \$3,000,000,000 for this in the next year? Are you estimating on the theory that they are not going to get any money out of Bretton Woods at all?

Mr. ACHESON. I am sorry; I did not hear that question.

Miss SUMNER. You estimate that you are going to have to furnish \$3,000,000,000 out of this operation, this Export-Import Bank operation. Are you estimating on the theory that no foreign government is going to get any money out of Bretton Woods during the next year?

Mr. ACHESON. No. What I am estimating on is that the lending capacity of the International Bank is \$10,000,000,000. A lot of those loans will be floated in other countries than the United States. How much of it will be floated in dollars, I do not know, but it cannot be more than \$10,000,000,000 and it will probably be very much less than \$10,000,000,000. The needs for dollar funds will be much greater than that over a period of 10 years, very much greater indeed. If you have read the very excellent report of the Colmer committee, you will see that they believe that private loans, given the proper encouragement and protection and aid of the Export-Import Bank, might amount to \$2,000,000,000 a year; that might be \$20,000,000,000, although they say it will be much less than that if we do not give assistance and help.

That is what is necessary. What we have to do is to encourage and help the flow of private funds. That is what the International Bank does and that is what this bank does. And this capital is necessary to enable it to perform that function and to supplement the lending powers of the International Bank.

Miss SUMNER. That is all.

Mr. FOLGER. I have sort of been collaborating with my friend from Oklahoma. I have been a little bit disturbed about the liberality of repealing the Johnson Act altogether, not as it relates to the bank; I do not think it has anything to do with it, because section 2, in the beginning, as I read it, applies only to persons, including individuals, partnerships, corporations, or associations, other than a public corporation created by or pursuant to special authorization of Congress, or a corporation in which the Government of the United States has or exercises a controlling interest through stock ownership or otherwise.

I realize that there must be a liberality, by repeal if it is necessary, or a very drastic amendment to this Johnson Act, to permit private loans to foreign governments and associations and those organizations mentioned in the act.

What we have been afraid of is the opening of a door through which some probably not well disposed but eager people, in order to get large rates of interest, would lend money, if this is repealed outright, and then these securities are brought back and sold to the people without enough regard for the wisdom of the loan in the beginning, or in the purchase of the securities.

I believe, however, that your idea is that circumstances are such that we ought not to be too much concerned about that at this time and that private loans should be allowed, if not encouraged.

What are we going to do about the protection of public buyers of these securities that come back here, except for the SEC?

Mr. ACHESON. I am a little bit at a loss to know what more you can do. The SEC law will give the public buyer of a public offering all the information which he gets about a domestic offering. It seemed to the Congress that that was enough to protect the American investor from the wiles of the domestic borrower, and it would seem to me enough to protect him from the wiles of the foreign borrower. The situation is no different.

The philosophy of the Congress in the SEC law was to give the people the facts and let them take the responsibility for what they did. That applies just as much to a foreign borrower as it does to a domestic borrower.

Mr. FOLGER. That was the next question I was going to ask you, if that does protect against the foreign borrower. Does the SEC approve these securities before they are placed on the market?

Mr. ACHESON. It does not approve them. The SEC does not approve any security. All that the SEC does is to say that it is satisfied that all the requirements of disclosure have been met and that the statements which are made, accompanying the loan, the prospectus and the various other statements, are complete and give the whole story, with all the bad as well as all the attractive features, so that an investor who really studies that will know all that there is to know about it.

Mr. FOLGER. I think, if we are greatly disturbed, my friend and myself, about this matter, it would come in other legislation and it really has very little to do with this matter here; is not that true?

Mr. ACHESON. Yes.

Mr. FOLGER. That is all.

Mr. TALLE. Mr. Acheson, will you describe or outline briefly how a borrower proceeds to apply for a loan and, perhaps, get it, from the Export-Import Bank?

Mr. ACHESON. I think that that could be better done by the officials of the bank, Dr. Talle. I am not familiar with the details of the Export-Import Bank procedure.

Mr. CROWLEY. What was the question?

Mr. TALLE. How does a borrower proceed to apply for a loan and perhaps get it from the Export-Import Bank?

Mr. CROWLEY. He makes an application and states what he is going to use the money for, and if we consider that the project is advisable and should be financed by the Export-Import Bank, we consider the loan; that is, on the basis of the number of years it will run, what it is for, and things of that kind.

Mr. TALLE. Does the borrower come to the Board of Directors of the bank here in Washington?

Mr. CROWLEY. Yes, sir.

Mr. TALLE. Are any agents maintained in foreign countries?

Mr. CROWLEY. No; but I think that when we get into the broader field contemplated in the increased authority, we will have to have some representation in certain of these countries so that some of the preliminary work can be done in the field and sent to Washington for consideration by the board, in order to expedite the business.

Mr. TALLE. Do you foresee that you will probably have to have a larger personnel?

Mr. CROWLEY. There is no doubt about that.

Mr. TALLE. That is all.

Mr. THOM. Mr. Crowley, continuing this colloquy, as a matter of fact, you have men who were formerly with New York lending banks, who have had long experience in making foreign loans and who know the credit history over years and years of the chief firms of Europe, who are able to pass on these loans?

Mr. CROWLEY. That is correct.

Mr. THOM. That is all.

Mr. BUFFETT. In reference to what Mr. Thom has just said, I hope they are not the same men who made some of those loans in South America and Europe on which we lost tens of millions.

Mr. THOM. They made a profit of \$42,000,000. You ought to take your hat off to them.

Mr. BUFFETT. I think you will have to have a statement of how some of these loans stand before you say that. We will have to know more about the dividends that have not been paid to the RFC for several years.

The CHAIRMAN. Gentlemen, let me suggest that you address the committee and dispense with these colloquies.

Mr. BUFFETT. Mr. Acheson, how much is UNRRA going to spend in the next year, to the best of your knowledge, in American money?

Mr. ACHESON. The total authorization of UNRRA is \$1,350,000,000. The total funds of UNRRA from all sources are slightly over \$1,800,000,000, between \$1,800,000,000 and \$1,900,000,000. I presume that it will spend all of that money by the spring.

Mr. BUFFETT. Then we are going to spend on rehabilitation between July 1 and next spring some \$1,200,000,000 or \$1,300,000,000; is that right?

Mr. ACHESON. The Congress has already made available \$800,000,000, and there is \$550,000,000 that has not been appropriated under the authorization.

Mr. BUFFETT. Then, as far as feeding these people and physically rehabilitating them, that job is entirely separate from the Export-Import Bank?

Mr. ACHESON. It is entirely separate.

Mr. BUFFETT. It is done through UNRRA?

Mr. ACHESON. In those countries which require UNRRA's aid.

Mr. BUFFETT. Yes; I think there has been some confusion about that.

Mr. ACHESON. Yes.

Mr. BUFFETT. Is it not true that there has been a very substantial price rise in South America? A friend of mine who returned from there a few weeks ago tells me that there has been a substantial degree of inflation in South America.

Mr. ACHESON. That would not surprise me at all.

Mr. BUFFETT. Is our spending down there doing that, or what do you suppose is the cause of it?

Mr. ACHESON. I suppose it has contributed to it, yes. One of the difficulties that the war has brought to the South American countries is that we have necessarily made large purchases in those countries in connection with the prosecution of the war, for which they have received American dollars, and, due to the lack of shipping and the lack of goods which we could furnish, they have not been able to spend those dollars. So that they have what happens in almost all

countries, more money than they have goods to purchase, and that produces a rise in price.

Mr. BUFFETT. Of course, that is the very thing I cannot understand about this expansion of public funds for loaning purposes, at a time when these countries have more money to spend here than they have ever had before. That certainly is true in both South America and Central America.

Mr. ACHESON. That is true. There are more dollars in South America than there have been before. Of course, all of those dollars really are blocked against a demand which may be available, we hope, soon after the end of the war. Those funds will very rapidly be spent to make up for goods which could not have been imported over these last 4 years.

Mr. BUFFETT. These loans, as I understand it, require some sort of a State Department O. K. before they are made to these countries. Is that right?

Mr. ACHESON. There is on the Board of Trustees a representative of the Secretary of State, who sits with the other trustees and presents the views of the Department.

Mr. BUFFETT. Is the factor of domestic fiscal policy of these various countries given any weight in making these loans?

Mr. ACHESON. I assume it would be; it would be a relevant factor.

Mr. BUFFETT. The reason I ask that is, I think the most significant thing financially that is going on in the world today is the deterioration of currencies everywhere. And until that comes to a halt, there can be no adequate reconstruction in any land, including our own. It seems to me that this whole loaning policy abroad is simply adding fuel to that situation. Of course, time alone can give the answer on that, just as time gave the answer to these private loans that were made so recklessly. I think my friends across the aisle are unduly disturbed on that score, because I know something of the temper of private investors, and they have learned the old moral of "Once burned, twice shy." So that that danger is not very great in the future.

I think that is all I have.

The CHAIRMAN. You may stand aside, Mr. Acheson.

Mr. Crowley, I understand you would like to make a statement?

Mr. CROWLEY. Mr. Chairman, what I would like to talk about with the committee briefly is the matter of the management of the bank. If the committee is willing, we would like to work with your legislative counsel to make corrections in the bill that the committee will then be able to consider in the morning.

The Export-Import Bank now is under the supervision of the Foreign Economic Administrator as Chairman of the Board. Mr. Taylor is the president and the operating head of the bank.

We have now on the Board of Directors the State Department, the Treasury Department, Agriculture, FEA, the Department of Commerce, and the RFC.

We would like to submit for your consideration that an advisory board, similar to the board that you set up for Bretton Woods, be established, consisting of the same agencies that are provided for in the Bretton Woods Board; that that be the advisory board to the Export-Import Bank, with the FEA Administrator, who is now the

Chairman of the Board of Trustees of the Export-Import Bank, as chairman, just as the Secretary of the Treasury is the Chairman of the Bretton Woods Advisory Board.

That will give us a chance to coordinate policies and learn from the Advisory Board of the International Bank its operations and its commitments. We believe that that will be very necessary.

We also want to recommend that the bank be given a Board of Directors some of whom will be full-time men, confirmed by the Senate.

We would like to recommend for your consideration that the FEA Administrator be the Chairman of the Board and that the Secretary of State or his nominee be a member of the Board, with three of the Board of Directors to be full-time men confirmed by the Senate.

We believe that the bank should have full-time directors in the operation of the executive end of the bank. It is not going to be a small bank. It is going to be world-wide in its operations, and we believe that no more than three of the members of the Board should be of any one party.

Mr. BROWN. That is in the Wolcott bill, is it not?

Mr. CROWLEY. That is correct, sir. That would mean, if there were to be five members of this Board, Mr. Byrnes and myself would be considered as Democrats, I presume. Then the Democrats would nominate another Democrat, and there would be two Republicans. That would give you a nonpartisan board insofar as its operation is concerned.

The bank has always had the support of this committee and the Senate committee on a nonpartisan basis. We would like that the FEA Administrator have the same degree of supervision here that the Federal Loan Administrator has over the RFC. I believe it is wise as long as you have the FEA, because it dovetails all of your foreign-loaning policies, including lend-lease settlements and surplus property that is in lend-lease, in one place.

That is what I would like to recommend to the committee.

The CHAIRMAN. Will you see that those amendments are prepared and submitted to the committee tomorrow? We hope to bring out the bill tomorrow and probably pass it on Friday.

Mr. CROWLEY. I would like to do this: If you would permit your legislative counsel to work with our people, they perhaps can draft a revised bill that the committee might take under consideration tomorrow morning when the committee finishes with its witnesses.

The CHAIRMAN. We will be glad to have the amendments for consideration tomorrow.

Mr. CROWLEY. There has been some talk about the capital. We would set the capital up, as it is set up now, with \$1,000,000,000. We have no objection to considering it along the lines of the Wolcott bill, if the committee wishes to. We think for simplification that our form of procedure may be better, but we have no definite views on that. We would like to talk with the committee about that. But we will set it up just to get something before you, and work with the legislative counsel on it, if that is agreeable.

The CHAIRMAN. I understand Mr. Burgess is on his way here to testify.

Mr. CROWLEY. That is correct.

The CHAIRMAN. I think we ought to hear him. We will hear Mr. Burgess in the morning and that will conclude the testimony. We will then go into executive session and report the bill out and try to get it before the House on Friday, if we can.

Mr. CROWLEY. Thank you. That is all I have. I want to thank you for the opportunity you have given us, gentlemen, and for your courtesy.

The CHAIRMAN. The committee will adjourn to meet tomorrow at 10:30.

(Whereupon, the committee adjourned to meet on Thursday, July 12, 1945, at 10:30 a. m.)

EXPORT-IMPORT BANK ACT OF 1945

THURSDAY, JULY 12, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 11 a. m., Hon. Brent Spence (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Governor Ransom, of the Board of Governors of the Federal Reserve System, sent me a letter which I told him I would have read and incorporated into the record. The clerk will read the letter.

(The letter read by the clerk is as follows:)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
July 12, 1945.

HON. BRENT SPENCE,
*Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D. C.*

DEAR MR. SPENCE: I would like to refer to the bills now pending before your committee to provide for increasing the lending authority of the Export-Import Bank of Washington.

The activities of the Export-Import Bank of Washington are closely related to the responsibilities which would be placed upon the National Advisory Council on International Monetary and Financial Problems by the pending Bretton Woods legislation. In our opinion, it is most important that the financial and monetary policies of the United States which govern our participation in the International Bank and International Fund should also govern all the operations of the Export-Import Bank. In order to accomplish this objective, it seems eminently desirable that the members of the board of trustees of the Export-Import Bank should be the same officials as those who comprise the National Advisory Council. We do not believe that the same result would be produced by providing that these officials shall act merely in an advisory capacity to the board of trustees.

Accordingly, the Board wishes to recommend that any legislation with respect to the Export-Import Bank which may be endorsed by your committee include a provision that the members of the board of trustees of the Export-Import Bank shall be the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and a fifth member to be appointed by the President with the advice and consent of the Senate who would be the Chairman of the board of trustees of the Bank. The Board earnestly hopes that your committee will give this proposal favorable consideration.

Very truly yours,

RONALD RANSOM, *Vice Chairman.*

The CHAIRMAN. We have as a witness this morning Mr. Burgess, president of the American Bankers Association. I understand that Mr. Burgess has come here at considerable inconvenience to himself. He was away on his vacation at a very pleasant resort, and we thank him for coming here to give us his advice.

STATEMENT OF W. RANDOLPH BURGESS, PRESIDENT OF THE AMERICAN BANKERS ASSOCIATION

Mr. BURGESS. I am glad to come because I consider this legislation of very great importance.

I have given to the clerk a letter that was sent me by Mr. W. L. Hemingway in lieu of his coming here. If you wish, the clerk may read the letter into the record.

(The letter was read by the clerk, as follows:)

MERCANTILE-COMMERCE BANK AND TRUST CO.,
St. Louis, July 7, 1945.

HON. BRENT SPENCE,
*Chairman, Banking and Currency Committee,
House of Representatives, Washington, D. C.*

MY DEAR MR. SPENCE: Referring to the bill to increase the capital funds of the Export-Import Bank, I respectfully call your attention to the statement issued by the American Bankers Association entitled "Practical International Financial Organization" and the recommendation therein contained on page 22.

It was the opinion of the committees submitting this report that the Export-Import Bank has been well managed and has rendered a substantial contribution to the development of sound international relations, and it is our strong belief that if the bank continues to have the good management that it has had and with increased capital funds, it can make further important contributions to the solution of the international problems now facing us.

The experience of this bank with the Export-Import Bank has been most satisfactory and it is our opinion that the Export-Import Bank can aid materially in reestablishing an active multilateral trade throughout the world and, therefore, I urge you to give every consideration to increasing its capital funds.

Sincerely yours,

W. L. HEMINGWAY.

Mr. BURGESS. The American Bankers Association favors a prompt increase in the capital and lending authority of the Export-Import Bank. The position of the association was set forth as follows in the report on Practical International Financial Organization, published February 1, 1945 [reading]:

That the capital funds of the Export-Import Bank be increased to \$2,000,000,000, first, to provide means for meeting promptly deserving credit needs prior to the setting up of an international bank, and second, to enable the United States to make loans in which this country has special interest and which can be made more effectively through a national institution than through an international body.

The principles that should govern the organization and operations of the Export-Import Bank were set forth in other parts of this same report and in a report published September 1, 1943, entitled "Place of the United States in the Postwar Economy." These general principles may be summarized as follows:

1. The bank should supplement and encourage and not replace private enterprise. Given a favorable atmosphere, private capital will be ready to do much of the work that needs to be done in reconstruction and development. The Export-Import Bank has followed this principle.

2. Loans should be good loans, with practical assurance of repayment. This is the principle that loans should be loans, and gifts should be gifts. The Export-Import Bank is set up as a lending agency and not as an agency for relief or for benefactions. The Export-Import Bank has followed this principle and its record in obtaining repayment of loans has been good.

3. Too much credit is as bad as too little. Foreign countries now hold very large amounts of dollars and gold, and the amount of goods available for purchase in this country is limited. The danger of inflation is considerable, and from this point of view it is necessary to make sure that the loans of the Export-Import Bank are made with care and discretion, so they do not add fuel to inflationary fires. Nor is it of lasting benefit to other countries to encourage excessive borrowing.

To carry out these principles with respect to the bills that you have before you, we suggest that the legislation contemplate a continuation of the same policies and methods that have characterized the operations of the Export-Import Bank in its 11 years of successful existence. To do this under the new and difficult circumstances and the contemplated expansion of operations we would suggest the desirability of including in the bill provisions for the following:

1. A statement as to the relation between activities of the Export-Import Bank and private lending agencies, such as is contained in the articles of the International Bank for Reconstruction and Development, especially a condition that the borrower is unable to obtain the funds elsewhere under reasonable conditions.

2. A definition of the standards which the management of the bank should observe with respect to its credits, and here again the statutes of the International Bank would apply, as follows:

(a) That loans should generally be for specific purposes.

That has been true of the Export-Import Bank.

(b) That they must offer practical assurance of repayment.

That again suggests something on a very difficult point. One phrase that has been suggested which occurs in one of the two bills that you have up for consideration is, "adequately secured."

Now, that is a difficult phrase under these circumstances. It goes back, of course, to the RFC legislation and to other legislation. That phrase has been included. In this particular sense it is not a very good phrase because these loans are not secured loans in any real sense of the word. They may have, as in the case of the loan in Brazil, a steel mill. That is not collateral security in any real sense nor of any particular value, because if you close the mill you do not get much out. It is not valuable collateral. It is not a question of collateral security. These loans, like the loans that a bank makes, are made on the three C's—character, capacity, and capital. They are made on the balance sheet of a country or of a business. It is earning power. To define that in language is a question.

I think there is an advantage in having a phrase in the bill that does define it, and the best that I could think of, working with some others, was to say that they must offer practical assurance of repayment. That is very close to the language in the International Bank for Reconstruction and Development. I think that it would be helpful to the management of the Export-Import Bank in saying "No" to some of the people that they have to say "No" to.

(c) That reconstruction and development loans should be confined to the cost of imported materials and should not cover the cost of local labor and materials.

That goes also for the International Bank, and it follows the past practice of the Export-Import Bank, but I think there is a very con-

siderable advantage in spelling it out, but because there again it is a safeguard to the management to have definite standards before them.

3. That there should be a small board of directors, with adequate salaries, to guide the bank in the proposed expanded activities, and that this board in turn should be responsible as to broad policies to the National Advisory Council set up in the enabling legislation for Bretton Woods.

I know that you have discussed that at some length. Let me punctuate the phrase, "with adequate salaries." It is difficult to get the right sort of people to take these positions and to stay with us. I wish it were possible to pay them \$18,000 or \$20,000 a year. That would not be too much for the right people. I think in deciding the salaries the guide should be to pay as high salaries as you can, consistent with the Government's scale.

As I understand it, there would be on the Board of Directors three full-time people. They certainly should be paid as much as \$12,000. If you could go to \$15,000, that would be just so much better, because you would be assured of getting the right people for this important work. Whether one likes it or not, it is competitive with commercial banking operations as far as attracting the right people to it is concerned.

The term of life and the amount of capital of the bank should be kept within the range of probable nearby expectancies and should be reviewed by the Congress from time to time.

That completes my prepared statement. Let me close by saying that the passage of this bill would seem to us of immediate importance with the conclusion of lend-lease already in some cases and the nearby conclusion in other cases.

It is very important that we should have a lending agency that can be ready to jump into the breach. It will be some months before the International Bank or fund can be available for that purpose.

Thank you, sir. I shall be glad to answer any question that I can.

The CHAIRMAN. I understand that you are not only speaking individually, but for the American Bankers Association also.

Mr. BURGESS. That is correct. While this language is not exactly that embodied in the report, you will find throughout here, if you will consult the documents that I have referred to, that they contain practically every statement that I have made here this morning.

The CHAIRMAN. And they formally endorsed the proposed legislation?

Mr. BURGESS. That is correct, sir.

Mr. GAMBLE. In discussing the assurance of repayment, I take it from your statement that the management should be able to refuse a loan without consulting anybody and without the fear that there would be a bad loan made.

Mr. BURGESS. That is right. The problem, of course, is largely a question of management, but I know how helpful it is for management to have in the book a phrase that they can point to and say: "See, your loan does not qualify under the instruction of Congress." It is very helpful to management to have that laid down in that fashion.

Mr. GAMBLE. Do you have any idea as to the period of time that this ought to be extended? I notice that one of the bills extends it to 1957. That is around 12 years. Do you think that we ought to have a look at it some time or another?

Mr. BURGESS. The association has never taken a position on that particular point, so what I say would be my own personal opinion. My own feeling in these matters is very strongly in favor of trying a little at a time. It was done in the early days of the Export-Import Bank, and I think done very successfully. It came back to you for authority at intervals. I think that those discussions were very helpful in developing a condition and policy that was sound, so that my own inclination would be toward a somewhat shorter period of time than 12 years. It should not be less than five, because you have to be able to employ people, to appoint directors, and to have assurance of continuity. It should be as much as 5 years, and my own choice would be something short of 10 or 12. I think that there is something to be said for five. There is a presumption of continuity, even though you make it for only 5 years.

One of the hardest things we have to do, we know, is to terminate something that is not essential. The relation of this bank to the International Bank has to be determined by experience. That is another reason, perhaps, for the shorter rather than the longer period, but I do not feel very strongly about it.

Mr. GAMBLE. I had somewhat the same thought. I have no doubt they will be back here before the end of 2 or 3 years to get money if they are as successful as they say they are going to be.

Miss SUMNER. Was the date of the endorsement of the American Bankers Association in February of 1945?

Mr. BURGESS. That is correct. That was the publication of the conclusion that was reached sometime before that. We had a meeting in Chicago, as a matter of fact, in late October, I think—October 1944.

Miss SUMNER. October 1944?

Mr. BURGESS. That is right.

Miss SUMNER. At that time there was considerable hope among most bankers that they would defeat the Bretton Woods program.

Mr. BURGESS. There were some, Miss Sumner, but I was not among that group.

Miss SUMNER. I know that you were not. At that time there was considerable movement behind the Dewey bill which set up the Export-Import Bank with a certain amount of capital and was supposed to take care of foreign loans in lieu of this international program; is that not correct?

Mr. BURGESS. Yes; there were some people who held that view.

Miss SUMNER. Mr. Anderson, formerly of Chase and Beekart testified. I cannot remember the others, but I remember those particularly. There were several, were there not, that represented the banks?

Mr. BURGESS. Yes. May I say that I do not think that either of those gentlemen appeared as representing banks.

Miss SUMNER. I think I was correct in stating that Beckhard is an analyst of the Chase Bank.

Mr. BURGESS. He is also a professor at Columbia University. I think that he appeared in his individual capacity.

Miss SUMNER. You mentioned in your statement that management should continue as it has in the past. Well, the former management was Mr. Pierson, acting under Jesse Jones; is that not correct?

Mr. BURGESS. Under Mr. Crowley. I do not know about it originally, but for a substantial part of the life of the bank, it operated under the RFC and was then transferred to the FEA.

Miss SUMNER. Do you recall about when that transfer was made?

Mr. BURGESS. Some 3 years ago.

Miss SUMNER. I was thinking that it was only in the past year or so.

Mr. BURGESS. I would not dare say.

Mr. Cox. July 1943.

Miss SUMNER. You suggested also in your statement that it should not be competitive with commercial banks, which to me, under the circumstances, seems a rather strange statement to make.

You do believe, I presume, in the old system by which a man earned his capital and set up a bank and did not create money but lent money for production and drew his dividends by sharing with the producer. Do you believe in that system?

Mr. BURGESS. As I understand it, I do very earnestly believe in it.

Miss SUMNER. You believe that it is a good thing for all the people?

Mr. BURGESS. Yes.

Miss SUMNER. You feel this is not competitive with commercial banks?

Mr. BURGESS. I think the Export-Import Bank as it has operated has not been competitive with banks, but has been very helpful. The attitude of management has been that they would undertake nothing that could be undertaken privately. They have very carefully done that. In fact, they have come to us from time to time and said, "Will you not take a larger participation, take more of this risk, rather than leaving it on us?" I think that they have been extremely careful about that.

Miss SUMNER. Well, here you have a bank. It is a bank; is it not?

Mr. BURGESS. It is a bank of a sort; yes.

Miss SUMNER. And the capital is furnished by the taxpayers; is that right?

Mr. BURGESS. Yes.

Miss SUMNER. Those who buy the bonds in the country.

Mr. BURGESS. The presumption is that the capital rests upon the credit of the United States. The presumption is that if it is well run the taxpayers will not have to meet it. But in the last resort it is the taxpayer who makes it good.

Miss SUMNER. It does take \$2,500,000,000 that the Treasury borrows, and in the event that those bonds will not be paid, they will have to be repaid by the taxpayer; is that not true?

Mr. BURGESS. I think the procedure might not be exactly that; that is, the bank might undertake to repurchase an obligation which the commercial banks, or an investment house would float. In that case the taxpayer's money, or the money from the market, is not taken in by the Treasury. That is a technical matter, though.

Miss SUMNER. To the extent that the Treasury borrows bonds for the benefit of this bank, the money of the American people is diluted is that correct? The money that the Treasury gets by issuing the bonds is created by the bank.

Mr. BURGESS. That may be right, but if so that is a relatively small extent of its operations. Usually this would be handled in regular commercial channels; that is, my bank might make a \$2,000,000 loan in Cuba, let us say, or Brazil, with the undertaking of the Export-Import Bank to take it over from us at any time. Now, up to that point there is no Government credit used.

Miss SUMNER. You are talking about a guaranty.

Mr. BURGESS. It is not exactly that. It is equivalent to a guaranty, but it is not actually that. It is a repurchase agreement.

Miss SUMNER. Which has the same effect as a guaranty.

Mr. BURGESS. So that the credit of the United States is used without any United States money up to that point.

Miss SUMNER. Yes; but they would also make direct loans to the extent of \$3,500,000,000. That is correct, is it not, under the Spence bill?

Mr. BURGESS. No. That would be their total obligations of all sorts, and I think that it is very desirable that the legislation be clear that it has the facilities of the use of its credit for making direct loans, or participating with others in the making of loans, and of guaranteeing or making of agreements to repurchase, because in that way it has flexibility and uses the minimum amount of what you refer to as Government-raised money.

Miss SUMNER. Looking at it from the other side of the picture, from the point of view of the customers of the Export-Import Bank and their ability to get money, there is no way that we can tell with regard to this legislation how much money the customers of the Export-Import Bank are going to be able to make available to themselves through the operation of this sum. If it should all be used for guaranties, we do not know. There is no way that we could know. It might be \$10,000,000 or \$15,000,000. Do you have any idea how much it might be?

Mr. BURGESS. Judging by the experience of the past, I think that the management of the bank has demonstrated the truth that a relatively moderate amount of money goes quite a long way when it is carefully used, and it would be my hope that the bank would use very much less than this \$3,500,000,000.

Miss SUMNER. The old law is not before us, and I was unable to find mine. If I understand the facts after reading this bill, this is not operated according to the old system; \$700,000,000 was the amount of their loans, was it not, and they went up to that amount and no further; is that right?

Mr. BURGESS. \$700,000,000 was their total capital. Their present outstandings are some \$550,000,000; that is, present outstandings plus commitments. Their actual outstandings are only \$230,000,000, or thereabouts.

Miss SUMNER. Could they have loaned more than \$700,000,000 of their capital?

Mr. BURGESS. No.

Miss SUMNER. Do they have the power to?

Mr. BURGESS. To lend beyond that?

Miss SUMNER. Yes.

Mr. BURGESS. Not as I understand it.

Miss SUMNER. Then, in this legislation, under both the Wolcott and the Spence bills, you are changing the operations and permitting them to lend in addition to their capital just as our national banks are now permitted to do, whereas they formerly were not permitted more than their capital in the old days; is that right?

Mr. BURGESS. I think that is just a change in form. It is a question of what you call it, whether you call it capital or debentures, or whatever it is. If you have \$1,000,000,000 of capital, then you go up to

your \$3,500,000,000 by the use of borrowed money, or by debentures, or by some other mechanism. That is just a question of mechanism. The total figure of \$3,500,000,000 is the exact equivalent in money available for use of the \$700,000,000 which was the previous capital.

Miss SUMNER. Is this not a correct analogy—that in the old days our national banks could lend only up to the amount of their capital? For instance, a little bank in town A had a capital and surplus of, say, \$75,000. It could lend only \$75,000. Then, thanks to later changes in the law, they were allowed to lend an additional 100 percent; is that not correct?

Mr. BROWN. With their present capital of \$700,000,000, can then lend more than \$700,000,000 at one time?

Miss SUMNER. Not at the present time.

Mr. BROWN. Cannot have outstanding more than \$700,000,000 of loans?

Miss SUMNER. You are going into a new field there where you create credit as against foreign acceptances; that is correct, is it not?

Mr. BURGESS. No, I think, Miss Sumner, that is a matter of mechanics rather than any real difference in the matter. Of course, the thing started off with only a million dollars capital and then it borrowed money in addition to that. That is just a question of the mechanics of that. The real limitation here is the total amount of obligations and commitments that they can have outstanding. That is limited to 3.5 billion dollars, and it was formerly limited to \$700,000,000, but it is in the same type of operations in its larger effect.

Miss SUMNER. You mean their way of lending was the same?

Mr. BURGESS. That is right. From the point of view of the customer receiving the money it does not make any difference in its mechanics nor in the economic effect.

Miss SUMNER. You do not think it makes any difference in the economic effect?

Mr. BURGESS. I do not think it makes any difference in the economic effect; no.

Miss SUMNER. Now, the ordinary bank does not have its capital furnished free.

Mr. BURGESS. Most of them do not. The Government still has some preferred stock in 300 banks or thereabouts.

Miss SUMNER. By that you mean the banks that were in difficulty, where they got some help from the RFC and other organizations?

Mr. BURGESS. Yes.

Miss SUMNER. There is no limitation, is there, in this new Export-Import Bank, or for that matter in the present one as to the interest rate? They can make the interest rate as low as they want to; is not that right?

Mr. BURGESS. Yes; I think that needs a lot of thought, which it undoubtedly will receive by the management. I would like to comment on that. There will be a very great pressure on this bank to make loans at too low rates. What I mean by too low rates is I mean loans that will make the institution competitive with other financing institutions, and competitive with, let us say, the International Bank, of which guaranteed obligations will be sold in the market at 3 percent, let us say. Then add to that a minimum of 1 percent commission to 1½ percent, that means 4 or 4½ percent rate on them, at the very minimum.

Now, unless we are going to divert a large amount of these loans into our own laps, in the Export-Import Bank, we ought to charge a rate which is somewhat similar to the rate which the International Bank has to charge, and, of course, the Fund will be lending at a lower rate. That is one of the difficulties.

Miss SUMNER. Well, when you turn to one of your commercial banks, on the other hand, in making this type of loans they have to have a certain percentage or they cannot stay in business at a profit, is not that right?

Mr. BURGESS. That is right.

Miss SUMNER. So you are distinctly competitive with that bank operating with this Government bank, which can have interest almost down to zero.

Mr. BURGESS. That depends on how it is operated. If this bank operates at too low rates the business will drop into its lap and we cannot compete with them.

Miss SUMNER. Further, this bank has the right, does it not, to take its sour loans to the Treasury and get cash in return for them; is not that right?

Mr. BURGESS. I do not know under just what provision it could do that.

Mr. BUFFETT. That probably can be done in the same way as the Commodity Credit Corporation does it. When they get about \$200,000,000 or \$300,000,000 in the red they refurnish their capital. I do not say that would happen.

Mr. BURGESS. They would have to make a demand and get legislation in order to do it.

Mr. BUFFETT. They got \$256,000,000, as I recall it, a short time ago.

Miss SUMNER. Then it has at least three points at which it competes with the private and commercial bank, first, its capital is free; second, that it can have any low interest rate it wishes; third, it can be rehabilitated by the Treasury—the losses can be made up by the Treasury. How can the rest of us folks who have banks—I say banks—how can the bankers stay in business with that kind of competition?

Mr. BURGESS. Well, it is a question of management, is it not? I accept the first two of your points, but not the third. I do not think approval of the legislation touches that point, but the first two points are wholly questions of management. I do not see any way in which you could safeguard this legislation to make sure that it does not compete with private banks. I think it is desirable to put in language such as I have suggested in my statement, but that is not going to safeguard you fully. The institution will have Government money which it will be able to lend at low rates. So, there is the possibility there of supplanting private lending. We concede that, but we hope that the management will be such that that will not be done, and we base that on the experience of the past and what we know to be the watchful eye that this committee and others will keep on it.

Miss SUMNER. After all, merely our chaperonage is not going to change the operation of this bank any. After all, the time that it has been operating with this \$700,000,000 was during the war when private banks were not in a position to lend down in South America or make any of these loans. Could your bank have made any of these loans during the wartime? I do not see how it could have done it during the wartime.

Mr. BURGESS. During that period we have made a great many loans in South America, but we have not found the Export-Import Bank competitive with us, but very helpful.

Miss SUMNER. You made a lot of loans during the wartime down there?

Mr. BURGESS. Yes, we are making them now.

Miss SUMNER. There is another point I would like to ask you about. Are foreign nationals enthusiastic about this completely, are they completely enthusiastic? I mean is the sentiment generally that they want to get all of these loans that they can get, or is there not some sentiment against it?

Mr. BURGESS. I have not heard any sentiment expressed against it. I think the Export-Import Bank has been received very favorably throughout.

Miss SUMNER. Offhand I can see why a man in London would be glad to get all of this \$10,000,000,000 he can that foreign governments are going to get out of the International Bank in loans. I can understand why he would like to get his share, and I think we can say this of the 3½ billion here we will start it off with. A man will say: "I think I have pull enough to get my share. I am glad that is happening. Here comes Santa Claus from the United States."

On second thought it occurs to me that a man sitting on the street and in business in London could say: "I have not any pull and maybe I will not be able to get it. The chances are that half of us will not be able to get any of that amount of money, and how am I going to like it when my competitor down the street gets \$100,000,000?" There is no limitation in this bank, and there is another way in which it is competitive with private banking. In your bank you have a limitation on the amount of loans made to an individual, but there is no limitation on the amount that you can lend to any one person here. It seems to me that there would be fear among businessmen in London and in the other centers that the competitor would be the one in the favored class—that he would get a loan and throw the rest of them out of business. In other words, I can see, on second thought, that they may not be so happy over this as we might think. Have you noticed any sentiment of that kind whatsoever?

Mr. BURGESS. Well, no, I have not seen much of that. Of course, this could be used as a weapon of economic warfare ultimately. We could use this to further our export interests in different countries, and we will use it, I presume, to help our exporters and importers, I trust; but, if it is wisely used, if it helps to increase the total volume of world trade, everybody will benefit in the long run. Of course, we are very far away from that state of bliss where there is no economic warfare in the world, and this will be an instrument which will help us to hold our position.

Mr. BROWN. It is my understanding that Mr. Burgess advocates that where an applicant can get the money elsewhere that he will not get it from the Export-Import Bank.

Mr. BURGESS. Yes; I would like to see that put in the statute, so that it is definitely stated.

Miss SUMNER. Well, after 15 years of this discretionary use of Government power with the WPA's and PWA's, and one needy family getting taken care of and the next needy family, in similar circumstances, or worse circumstances, not being taken care of we

ought to know that this clause about not being able to get it some where else is a very wide clause. You can come in and represent that you cannot get it somewhere else, but if you went out and worked a little harder you might be able to find it somewhere else.

There is one more question. You are president of a bank in New York, are you not, Mr. Burgess?

Mr. BURGESS. No; I am vice chairman.

Miss SUMNER. Of what bank is that?

Mr. BURGESS. The National City Bank of New York.

Miss SUMNER. You do not need to tell about your own bank, but I would like to know about how large are the Treasury balances in a bank of that size?

The CHAIRMAN. We are trying to get this bill reported out.

Miss SUMNER. This is pertinent to my inquiry, Mr. Chairman.

The CHAIRMAN. I think that is a collateral subject that, it seems to me, might be interminable if you continue it.

Miss SUMNER. It is just one question.

The CHAIRMAN. I am very anxious to see if we can get through with the hearing this morning and probably get a rule to have the bill considered tomorrow. If we do not get through there will be no chance to have the bill considered and there may not be a quorum here, so I suggest that we do not continue unduly this hearing and that we direct the questions to relevant and material matter only.

Miss SUMNER. This is a very important question from my point of view and it is a question going to the motives of the testimony.

The CHAIRMAN. All right, if it is relevant to the inquiry.

Miss SUMNER. Furthermore, if you insist I will stop, as I think I can find it out some other way. All right, Mr. Chairman, I can find it out some other way.

Mr. BRUMBAUGH. You regard the present assets of the Export-Import Bank sound?

Mr. BURGESS. I think so, Mr. Brumbaugh. Of course, one always says that with just a touch of reservation about any outstanding loans that are made under difficult circumstances, but generally speaking I think they are sound. There may be some losses there. Of course, we do not know yet. It depends a great deal upon the economic developments over the next 3, 4, or 5 years.

Mr. BRUMBAUGH. That is all.

Mr. BUFFETT. Mr. Burgess, approximately what percentage of the assets of the average big bank in New York is in loans at this time?

Mr. BURGESS. Between 20 and 30 percent, let us say.

Mr. BUFFETT. What percentage of those assets are in Government bonds, would you guess, at this time?

Mr. BURGESS. Fifty to sixty percent.

Mr. BUFFETT. And probably the larger part of the bank earnings, at least, from investment income, is coming from the Government at this time?

Mr. BURGESS. That is so.

Mr. BUFFETT. If this bill goes through this enlarges the area in which banks can collect interest with the Government taking the risk; is that right?

Mr. BURGESS. Somewhat. It would not enlarge it very much.

Mr. BUFFETT. But a certain amount?

Mr. BURGESS. Big enough, anyway.

Mr. BUFFETT. Is it incorrect to say that this also increases very materially the concentration of economic power in the hands of the Government?

Mr. BURGESS. I would not say very materially. I think it does somewhat.

Mr. BUFFETT. Well, does this not increase it enough so that the Government can rather thoroughly dominate the foreign-loan activities that go on from this Nation?

Mr. BURGESS. Well, I would not put it quite that strongly. Of course, I think in this immediate period that we face, unless the Government does go into the field of foreign lending, the job will not be done. That is, the risks are so great that private capital unassisted cannot do the complete job that has to be done.

Now, I share your apprehensions about the Government getting a more and more dominant position in the whole credit area. It is a dangerous front. We have to watch it, and I am fully conscious of that and our association is.

We have had resolutions on the subject, and we have a field in other areas of bank credit where we think that Government is in too far, and yet, with all of that qualification, I think we have to recognize that we face a condition in the world today where we must have reconstruction and recovery. It is essential to the establishment of a peaceful world, and it is one of the areas where Government must play a part.

Now, I think we need to watch it with extraordinary care.

The suggestions we have made in our testimony for amplifying the wording of the bill on that point I think are correct, and I think the whole operation of this institution should look forward to the time when it can work itself out of a job, when it can prepare the way for private enterprise to go in for the kind of enterprise that Miss Sumner has described.

Mr. BUFFETT. Now, offhand, can you recall any nation in which state control of credit has gone as far as it has in this country without eventually controlling the entire economy?

Mr. BURGESS. Well, that is a hard question because you are dealing with a long-time trend that has very few interruptions.

There are certainly areas in this country where the Government has come in and has stepped out again, at least, in part. The Home Owners' Loan Corporation was an example where the area of the Government has been reduced.

Mr. BUFFETT. You are familiar, of course, with the resistance that we have had from the Home Owners' Loan Corporation to further restrictions?

Mr. BURGESS. Yes. I share your apprehensions, and all of us are going to have to be extremely alert to keep this economy from being too much centered in Government.

Mr. BUFFETT. Was the economic penetration of various countries by the Nazi government a significant factor in causing World War II?

Mr. BURGESS. Well, that is again one of those things that is hard to answer. I think the answer is "Yes." I think totalitarian governments tend to move in the direction of war.

Mr. BUFFETT. Do you know whether this bank made loans to assist Finnish hostilities against Russia 3 years ago?

Mr. BURGESS. Well, the bank made some loans to Finland, but they were largely, I think, for the purchase of food.

Mr. BUFFETT. Finland at that time was at war with Russia, one of our present allies; is not that true?

Mr. BURGESS. My recollection is not definite enough to answer that. Whether that was before the war or at what period it came I cannot recall.

Mr. BUFFETT. According to their data one of those loans was made in December 1939, and I am told that hostilities were in existence at that time. The other one was made shortly thereafter.

Mr. BURGESS. I think that is correct.

Mr. BUFFETT. When your bank makes a loan to a corporation does not your bank automatically have a vested interest in the policies and management of the corporation?

Mr. BURGESS. No, I would not say that, Mr. Buffett. There are always times when a lender may become a director to a degree, particularly if the loan gets a little sour, but generally speaking our interest in the management is one of counsel and financial assistance, without any determination of general policies.

Mr. BUFFETT. Well, now, I happen to recall, and if I am incorrect you will correct me, please, that some years ago some of the New York banks made very large loans to certain movie companies, and as those companies went in this direction or that their difficulties increased and the banks stepped in to the point of controlling the activities of those companies in order to get their investment back. Now, what is to prevent this bank, making loans to Central and South American countries, from automatically acquiring a similar sort of interest? I do not see how you can avoid it. If someone can explain that to me I would like to have it.

Mr. BURGESS. There is always bound to be a certain amount of political connection with loans of this sort. I do not think you can avoid it. There again it is a question of policies. I think the policies followed by the Export-Import Bank, as we have seen them, have been pretty strict in their refraining from trying to influence the political position in any country.

Mr. BUFFETT. Of course, we have been on a rising market in a period when there has been considerable unity among various nations as against a common foe.

Mr. BURGESS. Yes.

Mr. BUFFETT. But I wonder how Britain, for instance, would like it if we financed certain operations in South America with our competition with certain plans that their companies have in South America.

Mr. BURGESS. They have an organization for financing, also.

Mr. BUFFETT. This is a weapon of economic warfare that will be used, we hope, on a friendly competitive basis, but it could be used otherwise?

Mr. BURGESS. In some measure, yes.

Mr. BUFFETT. I want to ask you one more question, and I am through. It is true, is it not, that the private banks of America that customarily make foreign loans have the largest amounts available for that purpose they have ever had in their history? I mean as a rough generalization.

Mr. BURGESS. They have a large amount of funds, yes. I hesitate a little on your "available for that purpose," because the experience

of the thirties has made us all a little cautious about foreign lendings, so that while the funds may be available, in the sense of being there, we have mental qualifications which restrain their use in that fashion.

Mr. BUFFETT. If the loan is a strictly meritorious loan the money is there?

Mr. BURGESS. That is true.

Mr. BUFFETT. Is it not likewise true that the countries to the south of us have never been better fortified with American dollars, foreign exchange and satisfactory economic conditions?

Mr. BURGESS. That is right; yes.

Mr. BUFFETT. So that, as a practical matter, in the relationship between this country and the countries to the south of us there never was a time when a bank of this kind was less needed than it is today?

Mr. BURGESS. Yes; I think that is a fair statement.

Mr. BUFFETT. That is all.

The CHAIRMAN. The committee will adjourn to meet in executive session at 2 o'clock.

(Thereupon, the committee adjourned to meet in executive session at 2 p. m. the same day.)

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- 2 -

of all veterans in Government Service. I believe that...[CSC] should reassume its statutory obligations under the Classification Act and shoulder complete responsibility for classifications and promotions within the classified civil service. It is quite obvious that...[CSC] should promulgate job classification standards for all of those positions in the classified departmental service which are now without proper standards. All recruitment in the Federal service should be handled by...[CSC], and appropriations to the various departments and agencies should not be diverted for this purpose. In line with the President's admonition that Federal funds should not be wasted I think that a diligent self-analysis should be made by each and every department of the Government, particularly...[CSC], in order to reduce the cost of personnel management in the Federal Government, which now is out of all proportion to the results being achieved. The entire matter of efficiency ratings in the Federal service should be completely reviewed with a view toward the adequate protection of veterans and career service employees particularly under reduction-in-force procedures. At the reconvening of the House in the fall the House Civil Service Committee should conduct open hearings with respect to all of these problems."

5. TRANSPORTATION. Rep. DeLacy, Wash., criticized the use of special cars and trains in view of the present shortage of rail transportation (p. 7620).
6. POSTAGE RATES. Rep. McKenzie, La., discussed his bill H.R. 3235, readjusting postage rates on books of fourth-class mail (pp. 7620-2).
7. INFORMATION. Rep. Bender, Ohio, criticized OWI's advertisement urging home-canning in view of meager canning-sugar allotments (pp. 7622-3).
8. FOOD SUPPLY; RATIONING. Rep. Ellis, W. Va., criticized lend-lease and food wastes in view of the food supply situation/rationing in the U.S. (p. 7623).
9. EXPORT-IMPORT BANK. Banking and Currency Committee reported without amendment H.R. 3771, to increase the lending authority of the Export-Import Bank of Washington (H. Rept. 911) (p. 7626). Rules Committee reported a resolution for the consideration of this bill (p. 7626).
10. PERSONNEL; VETERANS. Military Affairs Committee reported without amendment H.R. 1645, to preserve the reemployment preferences of members of the armed forces who after discharge become employed in essential activities (H. Rept. 915) (p. 7626).
11. BANKING AND CURRENCY. Rep. Priest, Tenn., criticized proposal to make permanent the Federal Reserve System war-emergency power to regulate credit terms under which purchases of U.S. products are made (pp. 7619-20).
12. RECONVERSION; WAR MOBILIZATION. The report of the Director of War Mobilization and Reconversion (see Digest 131) recommends that civilian production be expanded as fast as possible, that help be given to liberated countries through provision of food and aid, and that efforts be made toward a high-level economy. It states that "occupations such as farming, transportation, public utility work...mining, Government employment (except in war agencies) are not directly affected by physical reconversion," that controls of manpower, materials, and transportation will be retained where necessary, that direct aids to business and individuals will be created to speed the switchover and to cushion the shock, that "How and when...surpluses are disposed of bears directly on the speed and orderliness with which the United States reconverts and will have lasting effects on important segments of the domestic economy," that "price,

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No.139

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued July 13, 1945, for actions of Thursday, July 12, 1945)

(For staff of the Department only)

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HIGHLIGHTS: House received conference report on war agencies appropriation bill. Rep. Jonkman urged purchase of entire Cuban sugar crop. Senate conferees appointed on measure to provide for AAA tobacco marketing-quota elections and to specify CCC loan rates for tobacco. Sen. Morse submitted resolution for investigation of OPA price-fixing activities.

HOUSE

1. WAR AGENCIES APPROPRIATION BILL, 1946. House received conference report on H.R. 3368 (pp. 7623-4). The bill as reported by the conferees provides \$7,350,000 for ODT, \$13,000,000 for Office of Inter-American Affairs, \$35,000,000 for OWI, \$35,000,000 for WPB, and clarifies GAO's authority to audit corporations under the jurisdiction of the Office of Inter-American Affairs.

Earlier the Senate concurred in the House substitute amendment providing funds for the continuation or liquidation of FEPC (pp. 7572-82, 7583-4, 7594-7614). Agreed to Rep. Case' (S.Dak.) amendment, 142-116, to limit the availability of these (FEPC) funds to June 30, 1946 (pp. 7608-9), after rejecting, 90-113, a similar amendment by Rep. Taber, N.Y. (pp. 7607-8). Rejected, 116-188, Rep. Colmer's (Miss.) amendment which provided "that the funds appropriated must be used for the liquidation of FEPC" (pp. 7594-7607).

2. SUGAR IMPORTS. Rep. Jonkman, Mich., urged purchase of entire Cuban sugar crop (p. 7593).

3. UN-AMERICAN ACTIVITIES. Rep. Wood, Ga., was elected chairman of Un-American Activities Committee (p. 7615).

4. PERSONNEL. Rep. Rees, Kans., stated that "readjustments must be made to protect the interest of the career-service employee and the veteran....classifications and promotions in the Federal service in the past 5 years too often have been based upon personal patronage rather than upon qualifications or the work to be performed....I believe that an outstanding veteran should be appointed to the Civil Service Commission to assure the full protection of all

go, as the gentleman has said, to approximately 1,000 additional teachers not included in general pay raise in the over-all picture of approximately 3,400 in the school system of the District of Columbia.

We gave a raise to the entire teacher and administrative personnel; but in connection with a certain group of approximately 1,000, those individuals in the teaching profession in the District of Columbia have not yet reached their maximum salary limit under the old schedules which have been in effect. The House withheld from that group the so-called increase in salary, although they will get an increase in salary because we made permanent the wartime \$300 and we gave a \$100 increase; but it was our belief in the House that as this group reaches their maximum in salaries this additional increase of \$100 will be received. The Senate believes that the increase for everyone should be made regardless of whether those teachers have reached the maximum; and so under the provisions of the Senate bill and of the House bill amended we would have all increases taking effect as of July 1, 1945.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to my distinguished friend from Nebraska.

Mr. STEFAN. As I understand it, this will amount to about \$100,000; yet that increase would be given, nevertheless, would it not?

Mr. RANDOLPH. Yes.

Mr. STEFAN. I understand there is no objection on the part of the minority. As far as I am concerned I have no objection, because it is merely treating these 1,000 teachers equally with the others who are receiving an increase.

Mr. Speaker, I withdraw my reservation of objection.

Mr. RANDOLPH. I should just like to say that the gentleman is correct in his observation. We believed that the House bill was a fair bill, we believed that it was an equitable bill, but perhaps the Senate measure is more equitable, is more fair. The members of the House committee have considered this bill, and it was the recommendation of myself acting as chairman and my colleagues that we accept the Senate amendments because basically I have believed for many, many months, in fact for years, that the teachers of the District of Columbia were grossly underpaid. I attempted last December to have the bill sent up from the Commissioners. The bill came up late. We have acted, not in haste, but we have acted here during the closing days of the session. We had hearings in the subcommittee, exhaustive hearings. So our recommendation now is that the House accept the Senate amendments and expedite this bill to passage.

I appreciate the action of the gentleman from Nebraska in withdrawing his objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Senate amendments were agreed to.

TO EXEMPT CERTAIN PENCILS FROM JEWELRY TAX

Mr. COOPER, from the Committee on Ways and Means, filed a privileged report to accompany the bill (H. R. 3239) to exempt certain mechanical pencils having precious metals as essential parts from the tax with respect to jewelry, and so forth, which was referred to the Union Calendar and ordered printed.

CORRECTION

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent that the permanent Record may be corrected as follows:

On July 3, when the bill H. R. 2522 was before the House, the remark I made when the gentleman from New York [Mr. COLE] yielded to me was attributed to the gentleman from Utah [Mr. ROBINSON]. I ask unanimous consent that my name be substituted for Mr. ROBINSON's.

The SPEAKER. Without objection, the permanent Record will be corrected accordingly.

There was no objection.

EXTENSION OF REMARKS

Mr. KOPPLEMANN asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record in two instances—in one to include an article on Jewish trade unions in Palestine.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WHITE. Mr. Speaker, I prepared a chart of the principles of the International Charter. I ask unanimous consent to extend it in the Record and that it be printed with capitals and in the form in which I have drawn it.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. HEALY. Mr. Speaker, I ask unanimous consent to extend my remarks at that point in the Record immediately following the remarks of the gentleman from South Carolina [Mr. RIVERS] concerning the Colmer amendment.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LESINSKI asked and was given permission to extend his remarks in the Record and include an article by Christopher T. Emmet which appeared in the July 3, 1945, edition of the A. L. C. News Letter. The article is entitled "The Moscow Show Trials—1945 Version."

Mr. LESINSKI asked and was given permission to extend his remarks in the Record and include copy of an order of the day issued by General Anders of the Polish Corps in Italy and one issued by General Rudnicki of the Polish First Armored Division in Germany.

Mr. McCORMACK (at the request of Mr. OUTLAND) was given permission to extend his remarks in the Record and to include a telegram from Mr. Philip Murray.

Mr. HOOK asked and was given permission to extend his remarks in the Record and include a statement by the Reverend David S. Burgess.

Mr. DAWSON asked and was given permission to extend his remarks in the Record and include an article by Under Secretary of War Patterson and a short newspaper editorial.

Mr. BYRNE of New York. Mr. Speaker, on behalf of my colleague from New York [Mr. KEOGH], I ask unanimous consent that he be granted the privilege of inserting in the Record the salary increases for Federal judges, permission for which was given a few days ago but it now appears that it will take more than three pages and will cost \$156. I ask unanimous consent that he may be permitted to include this matter notwithstanding the additional cost.

The SPEAKER. Notwithstanding the cost and without objection, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

CORRECTION OF RECORD

Mr. HAYS. Mr. Speaker, I ask unanimous consent to correct the Record, issue of June 27, 1945, page 6948, by changing the second sentence of the sixth paragraph to read:

It will be organized by people who believe as we do, in freedom, or by those who believe in aggression and power for power's sake.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. McDONOUGH (at the request of Mr. MARTIN of Massachusetts) indefinitely, on account of official business.

To Mr. LAFOLLETTE, indefinitely, on account of illness in family.

CIVIL AVIATION

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. HINSHAW addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 1 to the bill (H. R. 3368) entitled "An act making appropriations for war agencies for the fiscal year ending June 30, 1946, and for other purposes."

— HOUR OF MEETING TOMORROW

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1656. An act to authorize the Secretary of the Interior to modify the provisions of a contract for the purchase of a power plant for use in connection with the San Carlos irrigation project; and

H. J. Res. 195. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the signing of the treaty with the Indians of the Northwest Territory, known as the Treaty of Greene Ville.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H. R. 1656. An act to authorize the Secretary of the Interior to modify the provisions of a contract for the purchase of a power plant for use in connection with the San Carlos irrigation project; and

H. J. Res. 195. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the signing of the treaty with the Indians of the Northwest Territory, known as the Treaty of Greene Ville.

ADJOURNMENT

Mr. RAMSPECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 29 minutes p. m.) the House, under its previous order, adjourned until tomorrow, Friday, July 13, 1945, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

611. Under clause 2 of rule XXIV a letter from the Postmaster General transmitting a copy of a letter addressed to the Director of the Bureau of the Budget, certifying that the Post Office Department is within the quota set by that Bureau under date of June 6, 1945, for the appropriation unit involved, was taken from the Speaker's table and referred to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WINSTEAD: Committee on Military

Affairs. H. R. 3772. A bill to prevent a point system for the release of conscientious objectors performing assigned work under civilian direction pursuant to section 5 (g) of the Selective Training and Service Act of 1940, as amended, from being put into effect; without amendment (Rept. No. 904). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHORT: Committee on Military Affairs. H. R. 3755. A bill to establish an Optometry Corps in the Medical Department of the United States Army; without amendment (Rept. No. 905). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 603. A bill to permit the United States to be made a party defendant in certain cases, and for other purposes; without amendment (Rept. No. 906). Referred to the Committee of the Whole House on the State of the Union.

Mr. CRAVENS: Committee on the Judiciary. House Joint Resolution 49. Joint resolution proposing an equal-rights amendment to the Constitution; without amendment (Rept. No. 907). Referred to the House Calendar.

Mr. JENNINGS: Committee on Claims. H. R. 2342. A bill for the relief of Montgomery County, Miss., districts 2 and 3; without amendment (Rept. No. 908). Referred to the Committee of the Whole House on the State of the Union.

Mr. JENNINGS: Committee on Claims. H. R. 3195. A bill for the relief of Grenada County, Miss.; without amendment (Rept. No. 909). Referred to the Committee of the Whole House on the State of the Union.

Mr. BARRETT of Pennsylvania: Committee on the Public Lands. H. R. 2851. A bill to provide for investigating the matter of the establishment of a national park in the old part of the city of Philadelphia, for the purpose of conserving the historical objects and buildings therein; with amendment (Rept. No. 910). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee on Banking and Currency. H. R. 3771. A bill to increase the lending authority of the Export-Import Bank of Washington; without amendment (Rept. No. 911). Referred to the Committee of the Whole House on the State of the Union.

Mr. SABATH: Committee on Rules. House Resolution 321. Resolution providing for the consideration of H. R. 3771 to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; without amendment (Rept. No. 912). Referred to the House Calendar.

Mr. COOPER: Committee on Ways and Means. H. R. 3239. A bill to exempt certain mechanical pencils having precious metals as essential parts from the tax with respect to jewelry, and so forth; without amendment (Rept. No. 914). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 1645. A bill to preserve the reemployment preferences of members of the armed forces who after discharge therefrom become employed in essential activities; without amendment (Rept. No. 915). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DICKSTEIN: Committee on War Claims. H. R. 977. A bill for the relief of

John August Johnson; without amendment (Rept. No. 901). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on War Claims. H. R. 1781. A bill for the relief of Candler Cobb; without amendment (Rept. No. 902). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on War Claims. H. R. 1784. A bill for the relief of Jeannette C. Jones and minor children; without amendment (Rept. 903). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. IZAC:

H. R. 3773. A bill to prevent, during a period of 30 years, nationals of enemy countries becoming naturalized citizens of the United States, and immigrants from such countries entering the United States; to the Committee on Immigration and Naturalization.

By Mr. LEMKE:

H. R. 3774. A bill for the relief of owners of crops damaged or destroyed by migratory birds; to the Committee on Claims.

H. R. 3775. A bill to regulate the registration, manufacture, labeling, and inspection of fertilizer and fertilizer materials shipped in interstate commerce, and for other purposes; to the Committee on Agriculture.

By Mr. ROGERS of Florida:

H. R. 3776. A bill providing for the return and restoration to the several States of the title and right to any oil, gas, and minerals in or under real property acquired by the United States, or any of its departments or agencies, from the several States, their departments or agencies, either by purchase, cession, or condemnation; to the Committee on the Judiciary.

By Mr. GILLESPIE:

H. R. 3777. A bill for the purchase of certain lands within the boundaries of the Pike National Forest; to the Committee on Agriculture.

By Mr. MAY:

H. R. 3778. A bill to authorize the course of instruction at the United States Military Academy to be given to not exceeding 20 persons at a time from the American Republics, other than the United States; to the Committee on Military Affairs.

By Mr. STEVENSON:

H. R. 3779. A bill to grant increased service pension in certain Spanish-American War cases not included in recent legislation providing increases to other Spanish-American War veterans and their dependents; to the Committee on Pensions.

By Mr. LEA:

H. Res. 318. Resolution to authorize the investigation of the transportation situation; to the Committee on Rules.

By Mr. JOHNSON of Oklahoma:

H. Res. 320. Resolution providing for an investigation by the Committee on Military Affairs of the destruction of military property in the European theater of operations; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM:

H. R. 3780. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Joseph Cavalleri; to the Committee on Claims.

By Mr. BROWN of Ohio:

H. R. 3781. A bill for the relief of Mabel M. Fischer; to the Committee on Claims.

Union Calendar No. 277

79TH CONGRESS
1ST SESSION

H. R. 3771

[Report No. 911]

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1945

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

JULY 12, 1945

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Export-Import Bank
4 Act of 1945".

5 SEC. 2. (a) The Export-Import Bank of Washington,
6 District of Columbia, a banking corporation organized under
7 the laws of the District of Columbia as an agency of the
8 United States, is continued as an agency of the United
9 States, and in addition to existing charter powers, and with-
10 out limitation as to the total amount of obligations thereto

1 of any borrower, endorser, acceptor, obligor, or guarantor
2 at any time outstanding, it is hereby authorized and em-
3 powered to make loans, to discount, rediscount or guarantee
4 notes, drafts, bills of exchange, and other evidences of debt,
5 or participate in the the same, for the purpose of aiding in
6 the financing and facilitating of exports and imports and
7 the exchange of commodities between the United States
8 or any of its Territories or insular possessions and any foreign
9 country or the agencies or nationals thereof. The bank is
10 hereby authorized to use all its assets, including capital and
11 net earnings therefrom, and to use all moneys which have
12 been or may hereafter be allocated to or borrowed by it, in
13 the exercise of its functions as such agency.

14 (b) It is the policy of the Congress that the bank in
15 the exercise of its functions should supplement and encourage
16 and not compete with private capital, and that loans, so far
17 as possible consistently with carrying out the purposes of
18 subsection (a), shall generally be for specific purposes, and,
19 in the judgment of the Board of Directors, offer reasonable
20 assurance of repayment.

21 SEC. 3. (a) (1) The management of the Export-
22 Import Bank of Washington shall be vested in a Board of
23 Directors consisting of the Administrator of the Foreign
24 Economic Administration, who shall serve as Chairman,
25 the Secretary of State, and three persons appointed by the

1 President of the United States by and with the advice and
2 consent of the Senate. The Secretary of State, to such ex-
3 tent as he deems it advisable, may designate to act for him
4 in the discharge of his duties as a member of the Board of
5 Directors any officer of the Department of State who shall
6 have been appointed by and with the advice and consent
7 of the Senate.

8 (2) If the Foreign Economic Administration ceases to
9 exist in the Office for Emergency Management in the Ex-
10 ecutive Office of the President, the President of the United
11 States shall appoint by and with the advice and consent
12 of the Senate another member of the Board of Directors.
13 The member so appointed shall serve for the remainder of
14 the existing terms of the other three appointed members,
15 but successors shall be appointed for terms of five years.
16 After the Foreign Economic Administrator ceases to be
17 a member of the Board of Directors the President of the
18 United States shall, from time to time, designate one of the
19 members of the Board to serve as Chairman.

20 (3) Of the five members of the Board, not more than
21 three shall be members of any one political party. Each
22 of the appointed directors shall devote his time not other-
23 wise required by the business of the United States principally
24 to the business of the bank. Before entering upon his duties
25 each of the directors so appointed and each officer of the

1 bank shall take an oath faithfully to discharge the duties of
2 his office. The terms of the appointed directors shall be
3 five years, except that the terms of the directors first ap-
4 pointed shall run from the date of appointment until June
5 30, 1950. Whenever a vacancy occurs among the directors
6 so appointed, the person appointed to fill such vacancy
7 shall hold office for the unexpired portion of the term
8 of the director whose place he is selected to fill. Each
9 of the appointed directors shall receive a salary at the
10 rate of \$12,000 per annum, unless he is an officer of the
11 bank, in which event he may elect to receive the salary of
12 such officer. No director, officer, attorney, agent, or em-
13 ployee of the bank shall in any manner, directly or indirectly,
14 participate in the deliberation upon or the determination of
15 any question affecting his personal interests, or the interests
16 of any corporation, partnership, or association in which he
17 is directly or indirectly personally interested.

18 (b) A majority of the Board of Directors shall con-
19 stitute a quorum.

20 (c) The Board of Directors shall adopt such bylaws as
21 are necessary for the proper management and functioning of
22 the Export-Import Bank of Washington, and may amend
23 the same.

24 (d) There shall be an advisory board consisting of
25 the Chairman of the Export-Import Bank of Washington,

1 who shall serve as Chairman, the Secretary of State, the
2 Secretary of the Treasury, the Secretary of Commerce, and
3 the Chairman of the Board of Governors of the Federal Re-
4 serve System, which shall meet at the call of the Chairman.
5 The advisory board may make such recommendations to the
6 Board of Directors as it deems advisable, and the Board
7 of Directors shall consult the advisory board on major ques-
8 tions of policy.

9 (e) Until October 31, 1945, or until at least two of
10 the members of the Board of Directors to be appointed have
11 qualified as such directors, whichever is the earlier, the affairs
12 of the bank shall continue to be managed by the existing
13 Board of Trustees.

14 (f) The Export-Import Bank of Washington shall con-
15 stitute an independent agency of the United States and
16 neither the bank nor any of its functions, powers, or duties
17 shall be transferred to or consolidated with any other depart-
18 ment, agency, or corporation of the Government unless
19 the Congress shall otherwise by law provide.

20 SEC. 4. The Export-Import Bank of Washington shall
21 have a capital stock of \$1,000,000,000 subscribed by the
22 United States. Payment for \$1,000,000 of such capital
23 stock shall be made by the surrender to the bank for can-
24 cellation of the common stock heretofore issued by the

1 bank and purchased by the United States. Payment for
2 \$174,000,000 of such capital stock shall be made by the
3 surrender to the bank for cancellation of the preferred stock
4 heretofore issued by the bank and purchased by the Recon-
5 struction Finance Corporation. Payment for the \$825,-
6 000,000 balance of such capital stock shall be subject to
7 call at any time in whole or in part by the Board of
8 Directors of the bank. For the purpose of making pay-
9 ments of such balance, the Secretary of the Treasury is
10 authorized to use as a public-debt transaction the proceeds
11 of any securities hereafter issued under the Second Liberty
12 Bond Act, as amended, and the purposes for which securi-
13 ties may be issued under that Act are extended to include
14 such purpose. Payment under this section of the subscrip-
15 tion of the United States to the bank and repayments
16 thereof shall be treated as public-debt transactions of the
17 United States. Certificates evidencing stock ownership of
18 the United States shall be issued by the bank to the Presi-
19 dent of the United States, or to such other person or persons
20 as he may designate from time to time, to the extent of
21 the common and preferred stock surrendered and other pay-
22 ments made for the capital stock of the bank under this
23 section.

24 SEC. 5. (a) The Secretary of the Treasury shall pay
25 to the Reconstruction Finance Corporation the par value

1 of the preferred stock upon its surrender to the bank for
2 cancellation. For the purpose of making such payments
3 to the Reconstruction Finance Corporation the Secretary
4 of the Treasury is authorized to use as a public-debt trans-
5 action the proceeds of any securities hereafter issued
6 under the Second Liberty Bond Act, as amended, and the
7 purposes for which securities may be issued under that Act
8 are extended to include such purpose. Payment under this
9 subsection to the Reconstruction Finance Corporation shall
10 be treated as public-debt transactions of the United States.

11 (b) Any dividends on the preferred stock accumulated
12 and unpaid to the date of its surrender for cancellation shall
13 be paid to the Reconstruction Finance Corporation by the
14 bank.

15 SEC. 6. The Export-Import Bank of Washington is
16 authorized to issue from time to time for purchase by the
17 Secretary of the Treasury its notes, debentures, bonds, or
18 other obligations; but the aggregate amount of such obliga-
19 tions outstanding at any one time shall not exceed two
20 and one-half times the authorized capital stock of the bank.
21 Such obligations shall be redeemable at the option of the
22 bank before maturity in such manner as may be stipulated
23 in such obligations and shall have such maturity and bear
24 such rate of interest as may be determined by the Board of
25 Directors of the bank with the approval of the Secretary

1 of the Treasury. The Secretary of the Treasury is hereby
2 authorized and directed to purchase any obligations of the
3 bank issued hereunder and for such purpose the Secretary
4 of the Treasury is authorized to use as a public-debt trans-
5 action the proceeds of any securities hereafter issued under
6 the Second Liberty Bond Act, as amended, and the pur-
7 poses for which securities may be issued under that Act
8 are extended to include such purpose. Payment under this
9 section of the purchase price of such obligations of the bank
10 and repayments thereof by the bank shall be treated as
11 public-debt transactions of the United States.

12 SEC. 7. The Export-Import Bank of Washington shall
13 not have outstanding at any one time loans and guaranties
14 in an aggregate amount in excess of three and one-half
15 times the authorized capital stock of the bank.

16 SEC. 8. The provisions of the existing charter of the
17 bank relating to the term of its existence, to the management
18 of its affairs, and to its capital stock are superseded by the
19 provisions of this Act and the bank shall be exempt from
20 compliance with any provisions of law relating to the amend-
21 ment of certificates of incorporation or to the retirement
22 or increase of stock of District of Columbia corporations and
23 from the payment of any fee or tax to the Recorder of Deeds.
24 of the District of Columbia determined upon the value or
25 amount of capital stock of the bank or any increase thereof.

1 SEC. 9. The Export-Import Bank of Washington shall
2 transmit to the Congress semiannually a complete and detailed
3 report of its operations. The report shall be as of the close
4 of business on June 30 and December 31 of each year.

5 SEC. 10. Section 9 of the Act of January 31, 1935
6 (49 Stat. 4, ch. 2) , as amended, is repealed.

7 SEC. 11. Notwithstanding the provisions of the Act of
8 April 13, 1934 (48 Stat., ch. 112, p. 574) , any person, in-
9 cluding any individual, partnership, corporation, or associa-
10 tion, may act for or participate with the Export-Import
11 Bank of Washington in any operation or transaction, or may
12 acquire any obligation issued in connection with any operation
13 or transaction, engaged in by the bank.

79TH CONGRESS
1ST SESSION

H. R. 3771

[Report No. 911]

A BILL

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

By Mr. SPENCE

JULY 12, 1945

Referred to the Committee on Banking and Currency

JULY 12, 1945

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

INCREASING THE LENDING AUTHORITY OF THE EXPORT-IMPORT BANK OF WASHINGTON

JULY 12, 1945.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 3771]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. GENERAL STATEMENT

With the outbreak of war, the normal foreign trade of the United States was necessarily interrupted. Normal commercial trade with foreign countries in many instances terminated. The successful prosecution of the war, however, required and resulted in a tremendous increase in our exports. During the war, foreign markets provided for the employment of hundreds of thousands of workers and absorbed an unprecedented volume of the products of our farms, our industries, and our mines. In the reconversion period and when the war is over the maintenance of a high level of foreign trade will be even more essential. Millions of men and women now in our armed forces and millions of war workers will want jobs and thousands of enterprises will be ready for peacetime production.

With the close of hostilities in Europe, there are tremendous demands for American-made goods from countries which have been cut off from most sources of civilian supplies during nearly 6 years of war and Nazi occupation. A large part of this demand is due, unfortunately, to the destruction which has been wrought by the war. Cities must be rebuilt and transportation and communication facilities restored. Factories, mines, and farms need new equipment. Industries require raw materials to start peacetime production.

In many parts of the world rich natural resources await development. The people are ready to put their labor and the natural wealth of their countries to work. The time is at hand for an era of industrialization in these areas. Experience has shown without contradiction that the trade of the United States prospers most with the industrialized areas of the world.

The many markets in all parts of the world need what we can produce. To these markets the American farmer, manufacturer, and laborer will want to and should be able to send his products. The proposed legislation is a step in the direction of making this possible.

Our potential foreign customers may be roughly divided into two principal categories. Some have the dollars or the credit with which to acquire American goods upon terms which exporters and private financial institutions are willing to extend without any further endorsements. Some will want credit terms which are reasonable and will involve such sums, maturities, or interest rates that private sources of capital will not desire or be able to undertake them alone.

Many Americans will want to participate in postwar foreign trade. They have the ability and the good business standing to engage in this trade, but may lack the financial resources to enter foreign markets. Extension to them of the facilities of the bank will solve this difficulty and permit them to share in the expansion of our foreign trade.

Under the proposed legislation we will be helping to sell United States goods abroad and we will be helping our potential foreign customers to purchase the goods they need. Goods produced in the United States to meet demands abroad will mean increased employment and production in the United States, more jobs for our men and women and returning veterans, greater opportunities for the manufacturers, the farmer, the owner of mineral resources, and the private investor.

American machinery, tools, raw materials, and services will enable other nations to rebuild or develop their industries and to produce goods which they can sell. This will increase their ability to service and pay their debts and to buy more goods from us. Their increased productive capacity will create more jobs for their people and raise their standards of living. This, too, will make more and better customers for American products.

Domestically strengthened and stabilized through the reestablishment and development of their economy our allies will be better able to protect and maintain the peace which we are now fighting for and for which we have laid the foundation at San Francisco.

The bill increases the lending authority of the bank by 2.8 billion dollars. Compared to the foreign need for goods, this is a comparatively small sum but in the coming year most of our production may be required for carrying the war against Japan to a successful and early conclusion. In addition, by making available only a part of the funds required for financing foreign trade, when the bank does require an additional increase in its lending authority the Congress will be able to review the uses to which the present proposed authorization has been put and determine the extent to which the lending authority of the bank should be further increased.

Under the proposed legislation the bank will be able to expand considerably the activities it has been carrying on so successfully in the past 10 years to facilitate the foreign trade of the United States.

The bank will continue its past policy of making loans only when private facilities do not undertake the job and that it will, to the greatest extent possible, encourage the participation of private capital. The increase in the lending authority of the bank will permit an expansion and increase in short-term loans to finance United States agricultural and industrial exports, medium- and long-term loans to other countries for reconstruction and development projects, and special transactions such as the guaranty of export credits, the underwriting of letters of credit, and the extension of revolving lines of credit to small United States exporters and importers.

The proposed legislation will permit the bank to help the war-devastated countries obtain materials for reconstruction purposes. This will be particularly important in the immediate period ahead. Lend-lease aid is not available for reconstruction purposes. The International Bank for Reconstruction and Development will not come into full operation during the next year and a half to two years, and even then the need for an expanded Export-Import Bank will continue. Immediate financial help is necessary in order to prevent chaotic conditions abroad. The Export-Import Bank will be able to finance foreign shipments to some extent by taking over certain phases of the 3 (c) lend-lease agreements as suggested by the President, and in other instances by financing countries who have been cut off from necessary supplies as a result of war conditions. Such financing will help stabilize the war-devastated countries and start them promptly on the road to recovery from the war.

II. ORGANIZATION AND HISTORY OF THE EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank was established in 1934 to help stimulate the recovery of our foreign trade from the low level to which it had fallen during the depths of the depression. At that time, the President, pursuant to the National Industrial Recovery Act, authorized the Secretaries of State and Commerce to form the bank, which was thereupon created under the laws of the District of Columbia on February 12, 1934.

In January 1935, the Congress continued the bank as an agency of the United States until June 1937 and, in addition to the powers contained in its charter, gave it additional banking powers to be exercised "for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign country or the agencies or nationals thereof." The act was amended subsequently to continue the bank as an agency of the United States until January 22, 1947.

Originally, there was no limit imposed by law upon the lending authority of the bank. In 1939, however, the act of January 1935 was amended to provide that loans outstanding at any one time should not exceed \$100,000,000. The limit was increased to \$200,000,000 in March 1940 and to \$700,000,000 by the act of September 26, 1940. That act authorized the Reconstruction Finance Corporation to supply funds to the bank up to a maximum of \$500,000,000 to enable it to make additional loans, including specifically loans "to assist in the development of the resources, stabilization of the economies, and the

orderly marketing of the products of the countries of the Western Hemisphere."

The bank operated as an independent agency from 1934 until July 1939, when it was made a part of the Federal Loan Agency under Reorganization Plan No. I. In 1942, the bank was placed by Executive order under the office of the Secretary of Commerce. In July 1943 it was transferred by Executive order to the Office of Economic Warfare. When the Office of Economic Warfare later was consolidated into the Foreign Economic Administration, in September of the same year, the bank was also transferred to the Foreign Economic Administration. As a separate corporate entity, the operations of the bank have continued to be administered by its president, subject to the direction of the Foreign Economic Administrator and the board of Trustees of the bank under the chairmanship of the Administrator.

Except for the original \$1,000,000 transferred to the bank in 1934 in payment for the common shares issued jointly to the Secretaries of State and Commerce, all of the funds of the bank have been obtained by the sale from time to time of preferred stock to the Reconstruction Finance Corporation and from earnings. A total of \$174,000,000 of preferred stock has been issued and is now outstanding.

Pursuant to its charter, the bank is controlled by a board of 11 trustees elected annually by the stockholders, subject to the approval of the President of the United States. The right to vote all of the stock, both common and preferred, is vested in the Foreign Economic Administrator. In the interim between Board meetings, the powers of the Board are exercised by an Executive Committee of seven trustees. Loans are made only after formal authorization by the Board of Trustees or the Executive Committee.

The operations of the Bank have involved a wide variety of transactions, although all of them have been undertaken for the fundamental purpose, laid down by Congress, of promoting the export and import trade of the United States either directly or indirectly. To avoid competition with private institutions, the bank has confined its activities to financing of a character or in an amount not obtainable from private sources. The techniques employed by the bank are, in general, those commonly used in the field of international finance and investment. However, in order to meet the changing needs of our foreign trade and to provide credit facilities for the small as well as the large exporter and importer, it has been necessary to maintain a high degree of flexibility in operating techniques.

It is difficult, because of their diversity, to classify the loans of the bank into hard and fast categories. Nevertheless, the following types of credits may be identified in its operations during the past 11 years.

(1) The bank has extended relatively short-term credits to all exporters of a given commodity to assist in financing the sale and export of agricultural surpluses. For example, before the war the bank assisted in the sale of raw cotton to foreign spinners and dealers by establishing through United States commercial banks lines of credit available to American cotton shippers and guaranteed by leading banks in the countries of purchase.

(2) The bank has extended credit directly to American firms exporting industrial products, particularly heavy machinery and elec-

trical and railway equipment. Such transactions have usually been accomplished through the purchase without recourse by the bank of the obligations of the foreign purchaser endorsed or otherwise unconditionally guaranteed by a foreign bank or a foreign government.

(3) The bank has extended credit lines to individual firms which are experienced and of good repute but which are hampered by lack of capital in obtaining adequate accommodation from private sources. Such credits are revolving and are available to the exporter for limited periods, generally from year to year, upon presentation for discount by the bank through its agent bank of 90-day drafts on approved foreign purchasers. Comparable arrangements are available to United States importers.

(4) The bank has extended credits to make possible the maintenance of essential purchases from the United States by certain countries during periods when they were temporarily short of dollar exchange. Loans of this type have been made principally to banks in Latin-American countries. They were especially important after the cutting off of European sources of supply in 1940 and the consequent necessity on the part of Latin-American countries of concentrating their purchases in the United States at a time when their exports to the United States were still at relatively low levels.

(5) Loans have been made to foreign governments and their agencies to assist in financing the cost of materials, equipment, and services required for the construction of productive public works and the development of natural resources and thereby to increase the foreign-trade potentials of the countries concerned.

(6) The bank has established a number of credits to stimulate foreign production and to expedite the transportation of strategic materials required for war production in the United States.

(7) Because of wartime transportation difficulties, the bank inaugurated a plan for underwriting letters of credit opened in this country by United States commercial banks in favor of approved foreign banks. A feature of this service was a provision to make payment against manufacturers' certificates of completion or railway bills of lading instead of the ocean shipping documents customarily required. The bank assumed the responsibility for shipment of the goods within 3 months from the date of payment to the manufacturer. This service went beyond any previous facility offered United States exporters, but it is believed that it has been extremely worth while because the effect has been to keep established trade channels open during the war so far as possible.

From its organization to June 15 of this year, the Export-Import Bank has authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$397,000,000 were canceled either because the applicants found they did not require them or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$497,000,000, of which \$289,000,000 have been repaid. As at the close of business on June 15, 1945, outstanding loans totaled \$208,000,000 and undisbursed commitments aggregated \$375,000,000.

The earnings of the bank, after payment of all administrative expenses, have amounted to approximately \$42,000,000. The bank has paid dividends of over \$18,000,000 on the preferred stock held by the Reconstruction Finance Corporation. This leaves undivided profits of about \$24,000,000 as of the close of business on June 15, 1945.

III. EXPLANATION OF THE BILL BY SECTIONS

The bill reorganizes the management of the bank, removes certain restrictions on its operations, and simplifies the method by which the Bank is financed. It continues and expands the funds and the authority of the existing bank, with its present assets and liabilities.

SHORT TITLE

Section 1 provides a short title: "Export-Import Bank Act of 1945."

POWERS OF THE BANK

Subsection 2 (a) continues the Export-Import Bank of Washington as a banking corporation organized under the laws of the District of Columbia and as an agency of the United States. It continues the existing powers under the bank's charter and restates and clarifies the powers conferred upon the bank by statute to make loans, to discount, rediscount, or guarantee notes, drafts, bills of exchange, and other evidences of debt or to participate in the same for the purposes of promoting the foreign trade of the United States.

Subsection (b) provides that it is the policy of the Congress that the bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment.

MANAGEMENT OF THE BANK

Section 3 provides for the management of the bank. Subsection (a) established by law the Board of Directors of the bank which is to consist of the Foreign Economic Administrator as Chairman, the Secretary of State, and three persons appointed by the President for a term of 5 years at a salary of \$12,000 per year with the advice and consent of the Senate. If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the Administrator of the Foreign Economic Administration will no longer be a member of the Board, and the President is to appoint a member to take his place. In that event the chairman of the Board will be designated by the President. Not more than three Directors may be members of any one political party. The Secretary of State may, to such extent as he deems it advisable, designate to act for him in the discharge of his duties as a member of the Board any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

Subsection (b) provides that a majority of the Board of Directors shall be a quorum.

Subsection (c) empowers the Board of Directors to adopt such bylaws as are necessary for the management and functioning of the bank.

Subsection (d) establishes an Advisory Board consisting of the same personnel as comprises the National Advisory Council on international

monetary and financial problems provided for in the Bretton Woods Agreement Act, except that the Chairman of the Board of Directors of the bank serves as Chairman in lieu of the Secretary of the Treasury.

Subsection (e) provides that until October 31, 1945, or until two of the appointed members of the Board of Directors have qualified, whichever is the earlier, the affairs of the bank shall continue to be managed by the existing Board of Trustees.

Subsection (f) establishes the bank as an independent agency of the United States Government and provides that its functions, powers, and duties shall not be transferred or consolidated with any other department of the Government unless the Congress shall otherwise by law provide.

CAPITAL STRUCTURE

Sections 4 and 5: A capital stock of \$1,000,000,000 is authorized for the bank. Outstanding common and preferred stock is to be surrendered to the bank and canceled. The Secretary of the Treasury is to pay the Reconstruction Finance Corporation the par value of the preferred stock which the Reconstruction Finance Corporation will surrender and any dividends on preferred stock accumulated and unpaid to the date of its surrender. Of the authorized amount of capital stock of \$1,000,000,000 payment for \$175,000,000 equivalent to the par value of the outstanding preferred and common stock will be made by the surrender of such stock. Payment for the balance, \$825,000,000, will be made by the Secretary of the Treasury at the call of the Board of Directors of the bank. Certificates evidencing stock ownership are to be issued by the bank to the President of the United States. Authorization is given to the Secretary of the Treasury to finance these payments as public-debt transactions.

BORROWING POWER

Section 6 authorizes the bank to issue obligations for purchase by the Secretary of the Treasury in an amount not to exceed 2½ billion dollars. The Secretary of the Treasury is authorized to treat this as a public-debt transaction.

LENDING AUTHORITY OF THE BANK

Section 7 provides that the bank shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of 3½ times the authorized capital stock of the bank or 3½ billion dollars.

OTHER LAWS

Section 8 provides that the provisions of the existing charter relating to the term of existence of the bank, its management, and to its capital stock are superseded by this legislation and exempts the bank from complying with any law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of the District of Columbia corporations and from the payment of fees or taxes to the District of Columbia in connection with its capital stock.

REPORTS TO CONGRESS

Section 9 requires the bank to transmit semiannual reports of operations as of the close of business on June 30 and December 31 of each year.

REPEAL

Section 10 repeals existing legislation pertaining to the bank contained in section 9 of the act of January 31, 1935, as amended.

JOHNSON ACT

Section 11 relieves from the prohibitions contained in the Johnson Act any person, including any individual, partnership, corporation, or association, who acts for or participates with the bank in any operation or transaction or acquires any obligation issued in connection with any operation or transaction engaged in by the bank.

IV. CONCLUSION

The committee believes that this bill is necessary to the expansion of our foreign trade and to enable the war-devastated countries to begin the immense task of reconstruction which lies ahead. The committee recommends, accordingly, that the bill be enacted as promptly as possible.

CHANGE IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, section 9, as amended, of the act of January 31, 1935, which the bill, as introduced, proposes to repeal, is set forth below, enclosed in black brackets:

[SEC. 9. Notwithstanding any other provision of law, the Export-Import Bank of Washington, and the Second Export-Import Bank of Washington, District of Columbia, banking corporations organized under the laws of the District of Columbia as agencies of the United States, pursuant to Executive orders of the President, shall continue, until the close of business on January 22, 1947, or such earlier date as may be fixed by the President by Executive order, to be agencies of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, said banking corporations are hereby authorized and empowered to discount notes, drafts, bills of exchange, and other evidences of debt for the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign country or the agencies or nationals thereof, and, with the approval of the Secretary of the Treasury, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt for the purposes aforesaid. During the continuance of such agencies, the Secretary of State and the Secretary of Commerce are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of said banking corporations, and they are hereby authorized to use all of their assets, including capital and net earnings therefrom, except such earnings as may be required from time to time to pay dividends upon their preferred capital stock, and to use all moneys which have been or may hereafter be allocated to or borrowed by them, in the exercise of their functions as such agencies: *Provided*, That the Export-Import Bank of Washington shall not have outstanding at any one time loans or other obligations to it in excess of \$700,000,000, the capital for which the Reconstruction Finance Corporation, when requested by the Secretary of the Treasury with the approval of the President, may continue to supply from time to time through loans or by subscription to preferred stock: *Provided further*, That the Export-Import Bank of Washington shall not make any loans to any government which was in default in the payment of its obligations or any part thereof to the Government of the United States on April 13, 1934, or in violation of international law as interpreted by the Department of State or for the purchase of any articles, except aircraft exclusively for commercial purposes, listed as arms, ammunition, or implements of war by the President of the United States in accordance with the Neutrality act of 1939.]

79TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } No. 912

CONSIDERATION OF H. R. 3771

JULY 12, 1945.—Referred to the House Calendar and ordered to be printed

Mr. SABATH, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 321]

The Committee on Rules, having had under consideration House Resolution 321, report the same to the House with the recommendation that the resolution do pass.

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FILE COPY

House Calendar No. 194

79TH CONGRESS
1ST SESSION

H. RES. 321

[Report No. 912]

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1945

Mr. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for consideration of the bill (H. R. 3771) to provide for
5 increasing the lending authority of the Export-Import Bank
6 of Washington, and for other purposes, and all points of
7 order against said bill are hereby waived. That after general
8 debate, which shall be confined to the bill and continue not
9 to exceed two hours, to be equally divided and controlled
10 by the chairman and ranking minority member of the Com-
11 mittee on Banking and Currency, the bill shall be read
12 for amendment under the five-minute rule. At the con-

1 clusion of the consideration of the bill for amendment, the
2 Committee shall rise and report the bill to the House with
3 such amendments as may have been adopted and the previous
4 question shall be considered as ordered on the bill and
5 amendments thereto to final passage without intervening
6 motion except one motion to recommit.

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H. RES. 321

[Report No. 912]

RESOLUTION

Providing for the consideration of H. R. 3771,
to provide for increasing the lending au-
thority of the Export-Import Bank of
Washington, and for other purposes.

By Mr. SABATH

JULY 12, 1945

Referred to the House Calendar and ordered to be
printed

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 140

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued July 14, 1945, for actions of Friday, July 13, 1945)

(For staff of the Department only)

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HIGHLIGHTS: Both Houses agreed to conference report on war agencies appropriation bill (ready for President's signature). Sen. McKellar discussed rubber shortage, production, and prices. House passed Export-Import Bank's lending-authority bill.

SENATE

1. WAR AGENCIES APPROPRIATION BILL, 1946. Both Houses agreed to the conference report on this bill, H.R. 3368 (pp. 7632-6, 7642-56). The Senate agreed to Sen. McKellar's (Tenn.) motion to recede ~~and its~~ amendment striking out the House amendment prohibiting the use of NWLB funds in connection with investigations, hearings, etc., concerning bargaining units composed wholly or partly of farm laborers (pp. 7633-6). This bill will now be sent to the President.
2. APPROPRIATIONS. Sen. McKellar spoke concerning the various appropriations made during this session, giving totals for each department (Agriculture, \$589,931,520) and a table showing a comparison of appropriations for fiscal years 1945 and 1946 (pp. 7636-8).
3. BRETON WOODS AGREEMENTS. Agreed to Majority Leader Barkley's unanimous consent request to make H.R. 3314, providing for U.S. participation in the International Monetary Fund and the International Bank for Reconstruction and Development, the unfinished business (pp. 7636, 7638-9).
4. NOMINATION. Confirmed the nomination of Raymond Michael Foley to be Federal Housing Administrator (pp. 7639, 7640).
5. FARM LOANS. Sen. Langer, N.Dak., inserted a N.Dak. farm loan association resolution urging action to provide for Federal land bank loans in N.Dak. to farmers and soldiers: To Banking and Currency Committee. (p. 7630.)
6. COMMITTEE ASSIGNMENT. Agreed to Majority Leader's motion to assign Sen. Taylor, Idaho, to the Civil Service Committee (p. 7629).
7. RATIONING. Sen. Wherry, Nebr., inserted a letter from the mayor of Grand Island, Nebr., requesting relief for restaurants in connection with the OPA point rationing system "which makes it impossible for a restaurant owner to keep on" (pp. 7629-30).
8. ADJOURNED until Mon., July 16 (p. 7640).

9. INSECT CONTROL. Claims Committee reported without amendment H.R. 3760, for the relief of certain claimants who suffered losses and sustained damages as the result of the campaign carried out by the Federal Government for the eradication of the Mediterranean fruitfly in Fla. (H. Rept. 919)(p. 7672).
10. EXPORT-IMPORT BANK. Passed(102-6) without amendment H.R. 3771, to provide for increasing the lending authority of the Export-Import Bank of Washington. Earlier in the day had agreed to a resolution for the consideration of this bill. (pp. 7657-70).
11. ADJOURNED until Tues., July 17 (p. 7672). The legislative program for next week as announced by Majority Leader McCormack includes "final action" on the Bretton Woods Agreements and a resolution for adjournment until Oct. 1 (p. 7671).

BILLS INTRODUCED

12. PERSONNEL; EDUCATION. S. 1266, by Sen. McCarran, Nev., authorizing the Bureau of Reclamation to make payments to school districts as compensation for education of children of Federal employees residing on federally owned property. To Irrigation and Reclamation Committee. (p. 7631.)
13. FARM INCOME; TAXATION. H.R. 3803, by Rep. Curtis, Nebr., to provide for the deduction from gross income for income-tax purposes of expenses incurred by farmers for the purpose of leveling land used or to be used for farming purposes. To Ways and Means Committee. (p. 7673.)
14. VETERANS. H.R. 3798, 3800.

ITEMS IN APPENDIX

15. FOOD DISTRIBUTION. Sen. Mead, N.Y., inserted S. Kreutzer's (chrm.; N.Y. Board of Trade committee to investigate the black market) report which stated that "a survey discloses tremendous black markets...in meat, poultry, and eggs" (pp. A3711-2).
16. COFFEE SUPPLY. Extension of remarks of Rep. Pittinger, Minn., urging changes in coffee supply handling and OPA price ceilings on coffee (p. A3720).
17. SURPLUS PROPERTY. Extension of remarks of Rep. Bender, Ohio, criticizing "confusion" in the disposal of surplus property (p. A3721).
18. VETERANS. Rep. Hook, Mich., inserted his radio address on veterans' problems (p. A3728).
19. FOOD SUPPLY; FOREIGN RELIEF. Extension of remarks of Rep. Schwabe, Okla., including a newspaper article, criticizing food exports in view of food supply (pp. A3729-30).
20. RUBBER. Extension of remarks of Rep. Poage, Tex., including his letter to the Goodyear Company, on the rubber "shortage," production, and prices (pp. A3731-2).
21. PRICE CONTROL; RATIONING. Extension of remarks of Rep. Roe, Md., including an OPA letter, on rationing and price control suspension (p. A3733).
22. FOOD SUPPLY. Rep. D'Ewart, Mont., inserted a constituent's letter protesting the present "shortage" of meat and other necessities (p. A3734).

For supplemental information and copies of legislative material referred to call Ext. 4654, or send to Room 112 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

of the Committee on Naval Affairs in reference to the bill.

Mr. VINSON. Will the gentleman permit me to answer the question asked by the gentleman from Idaho?

Mr. MICHENER. Yes.

Mr. WHITE. I want to know what the salary of a vice admiral is. That seems to be what is at stake here.

Mr. VINSON. No, the gentleman is mistaken. What is at stake is the rank of those who have discharged a very responsible duty. The salary of a vice admiral is the same as a rear admiral of the upper half plus a yearly cash allowance of \$500. The salary—pay and allowances—of a rear admiral of the upper half is \$9,951 per annum.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Missouri.

Mr. COCHRAN. There is no objection to the bill and, furthermore, the committee has put in an amendment providing that they must hold office for 1 year as chief of a bureau.

Mr. VINSON. As the report states, the representatives from the Navy Department testified in favor of the proposed bill, as amended.

Mr. COCHRAN. It has been too long delayed.

Mr. VINSON. I trust that answers the question of the gentleman from Michigan.

I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman from Oregon [Mr. MOTT], the ranking minority member on the committee is present, and I would like to have his views on the bill.

Mr. MOTT. Mr. Speaker, this matter has been under consideration by the committee for some time. Hearings have been held upon it, and it is the unanimous view of the members of the committee that this legislation should be adopted. We have heard a great deal during this war of the records made by our fighting admirals, and that record has been tremendously outstanding, but behind all that we have these chiefs of bureaus who are doing a magnificent job, and if it were not for the work they do the Navy could not operate in the wonderful fashion that they have been operating. We believe that these chiefs of bureaus are entitled to this honor, a distinguished honor which they well deserve.

Mr. JONES. Mr. Speaker, will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Ohio.

Mr. JONES. Does this bill affect all the personnel in active service in World War II?

Mr. MOTT. No; only the chiefs of bureaus.

Mr. JONES. In the present conflict?

Mr. MOTT. The present chiefs of bureaus.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. MOTT. I yield to the gentleman from New York.

Mr. WADSWORTH. Is this permanent legislation?

Mr. MOTT. Yes.

Mr. WADSWORTH. Would it have the effect of making the chief of a bureau in the Navy Department correspond with the opposite rank in the War Department?

Mr. MOTT. That is a technical question which I am not able offhand to answer. Perhaps the chairman can.

Mr. VINSON. May I say to the distinguished gentleman from New York, I doubt whether it will happen, because some of the corresponding ranks in the War Department are already higher than that of the chiefs of the bureaus at the present time. The main purpose behind this legislation is this: A chief of the bureau can be appointed from the rank of a commander or a captain, and after finishing his term of duty as a chief of the bureau he would revert back to his permanent rank of a captain or a commander. Under this bill when he finishes his term of office as chief of a bureau he will get the rank of a rear admiral. This is permanent legislation.

Mr. WADSWORTH. Is the rank of vice admiral new legislation here?

Mr. VINSON. No. Today the President has been making all Chiefs of Bureaus vice admirals with temporary rank after they have served 2 years as such.

Mr. WADSWORTH. Has similar action been taken by the President with respect to the heads of the Bureaus of the War Department in making them lieutenant generals?

Mr. VINSON. Unfortunately my hands are busy trying to handle naval legislation, and I cannot answer the gentleman's question.

Mr. WADSWORTH. I notice the Navy is taking care of itself.

Mr. JONES. Mr. Speaker, if the gentleman will yield further, this does not affect the Maritime Commission, does it?

Mr. VINSON. We have no jurisdiction over the Maritime Commission.

The SPEAKER. Is there objection to the request of the gentleman from Georgia.

Mr. TABER. Mr. Speaker, I object.

EXPORT-IMPORT BANK

Mr. SABATH. Mr. Speaker, I call up House Resolution 321 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this resolution makes in order the consideration of the bill H. R. 3771, known as the Export-Import Bank extension bill. It provides for 2 hours general debate.

No one appeared in opposition before our committee to the granting of this rule. It is an open rule and provides that after general debate of 2 hours the bill will be read for amendment under the 5-minute rule. However, as I understand, the bill has almost the unanimous support of both the majority and minority members of the Committee on Banking and Currency.

The consideration of this bill takes me back to 1934, 11 years ago, when we first sought to bring about the adoption of this splendid Export-Import Bank legislation, legislation that has not cost the Government anything, but on the contrary has made a clear profit of \$32,000,000 since the beginning of its existence, and at the same time has repaid to the Reconstruction Finance Corporation, which has lent the bank some funds, the sum of \$18,000,000.

This bill proposes to increase the capital of the institution from \$700,000,000 to \$1,000,000,000 and authorizes the issuance of bonds up to four times the amount if its capitalization.

As I have stated, there is no opposition to the rule and I understand there is very little opposition to the bill. Many Members desire to leave early and I am inclined not to delay them, therefore I will conclude, reserving to myself the balance of the time after yielding to the gentleman from Michigan the usual 30 minutes in opposition.

Mr. MICHENER. Mr. Speaker, the Committee on Banking and Currency is fully and ably qualified to explain this bill. I have no requests for time on the rule, and therefore hope that the chairman of the committee will move the previous question at once.

Mr. SABATH. I will do so with pleasure, as I always am pleased to comply with any request and recommendation of my distinguished and genial colleague from Michigan. Consequently, Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make on this bill and include a copy of the report of the Committee on Banking and Currency on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3771, with Mr. FORAND in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this is a bill to increase the lending authority of the Export-Import Bank, to provide for its continuance as an independent agency of the United States. The Export-Import Bank was organized in 1934. It was organized for the purpose of stimulating exports and imports and to increase the foreign commerce of the United States. Its capital has from time to time been increased until the present capital is \$175,000,000. It has had a remarkable career. Its losses have been negligible. It has caused no loss to the National Treasury, but has accumulated a net increase earned in its capital of \$42,000,000.

This bill provides that the capital stock of the bank shall be increased from \$175,000,000 to \$1,000,000,000; and that it have the authority through public debt transactions to borrow $2\frac{1}{2}$ times the amount of its capital stock, which will make its lending capacity \$3,500,000,000, less its present authorized lending authority of \$700,000,000 which is now exhausted, making its entire lending authority, after this bill is enacted into law, \$2,800,000,000.

The bill is brought up at this time because of the imperative necessity and the urgent demand for accommodation to foreign nations, many of whom have been devastated by war and who need to rehabilitate themselves and get their industries going again.

We hear a great deal of talk about full employment and full production. America has the capacity to produce more than her people can consume. By reason of the ability of her workmen and the genius of her management and the progressive spirit of those engaged in industry and farming, America has been the arsenal of the world.

Now that the European war is over, the United States will be the storehouse of the goods that make for better living in time of peace by the people of the world. The markets of the United States are not in a position to absorb the production of our country. We must assume not only the leaderships that have been thrust upon us, both spiritual and political, but we must assume the economic leadership of the world. Not to take advantage of that opportunity which presents itself to us at this time would be to abdicate our plain duties and to surrender opportunities that may mean much to the future welfare and happiness of the American people.

The Export-Import Bank will be necessary to carry out the postwar program. The International Bank for Reconstruction and Development, under the Bretton Woods plan, will not be in operation for sometime; and to accommodate countries and their people that need help at this time, it is necessary to put into operation the bank for exports and imports.

We need not assume, although this is a large sum of money, that there will be any loss to the United States because of its operation. It is not to make any gifts. It is to lend the money in order

to stimulate trade and commerce among those who can be reasonably expected to pay. We will be practically assured that they will repay. It is a great bank. They see a great opportunity not only for service but a great opportunity to earn money and a great opportunity to help the world in this hour of its necessity.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Not right now.

We can judge what its success will be in the future by its success in the past. Heretofore the bank has been managed by 11 trustees, chosen from 6 departments of the Government. The management of the bank has been changed under this act so that Mr. Crowley, Federal Economic Administrator, will be Chairman of the Board. The Secretary of State will be a member of the Board, and there will be 3 directors appointed by the President and confirmed by the Senate. It will have an independent existence, not connected with or under the domination of any department of Government. It can be operated as a private bank would be operated, with the efficiency that a private bank can carry out the purposes of its organization.

I have no doubt that the immediate effect, not only on our American markets but the good feeling and friendship of the world toward the United States, will be felt because of the operation of this bank. Under lend-lease we have constructed a great deal of property and material, some of which has not yet been shipped to the countries for which it was intended. The use of some of this property, although essential to the prosecution of the war, is property that may also be used in peacetime industry and development, such as locomotives, power plants, machines and machine tools of various descriptions, and other equipment of that character.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Chairman, I yield myself three additional minutes.

Those nations need this property. They can obtain credit through this bank with which to buy the property. It will be of benefit to them and of benefit to us. It will not only do that but it will have the effect of reestablishing their economy and relieving them of the devastation and losses caused by the war.

This bank not only can make loans but it can guarantee loans, and there will be ample opportunity to obtain loans that have little risk from these nations which have gotten back into the ways of peace and are attempting to reestablish their economies. The amount of money involved, of course, that the bank is authorized to lend is a great sum, but it is also a revolving fund that can be used over and over again and give many times the credit and relief that the amount of the authorized lending capacity would give if this was not the case. The chance of loss if this bank is conservatively and ably managed, it seems to me, would be very, very small.

We did not have extended hearings on the bill because there was no opposition. One of the purposes of the bank is not to go into the competitive field of private enterprise but to give accommodation

where private banking institutions will not give it. If it were an institution whose purpose was to put government in competition with private banking institutions, I am sure the American Bankers' Association would not approve of it, but Mr. Burgess, the president of the American Bankers' Association, made a trip from northern New York, where he was spending his summer vacation, to appear before the committee and express the approval not only of himself but of the American Bankers' Association of the bill. We held 2 days of hearings on the bill. Any organization or interest that desired to oppose it would have been welcome and would gladly have been heard. Nobody appeared, and I understand there is no organized opposition to the bill anywhere, that it meets with general approval not only of the departments of the government interested in carrying out this great purpose but the business interests of the country also.

I am not going to detain you further, I know you want to go home. I am going to submit the matter to you feeling confident the bill will pass with little opposition, and I know that the successful operation of the bank will justify your vote.

For the information of the membership and under permission already obtained, I set forth at this point the committee report on this bill:

INCREASING THE LENDING AUTHORITY OF THE EXPORT-IMPORT BANK OF WASHINGTON

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following report:

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. GENERAL STATEMENT

With the outbreak of war, the normal foreign trade of the United States was necessarily interrupted. Normal commercial trade with foreign countries in many instances terminated. The successful prosecution of the war, however, required and resulted in a tremendous increase in our exports. During the war, foreign markets provided for the employment of hundreds of thousands of workers and absorbed an unprecedented volume of the products of our farms, our industries, and our mines. In the reconversion period and when the war is over the maintenance of a high level of foreign trade will be even more essential. Millions of men and women now in our armed forces and millions of war workers will want jobs and thousands of enterprises will be ready for peacetime production.

With the close of hostilities in Europe, there are tremendous demands for American-made goods from countries which have been cut off from most sources of civilian supplies during nearly 6 years of war and Nazi occupation. A large part of this demand is due, unfortunately, to the destruction which has been wrought by the war. Cities must be rebuilt and transportation and communication facilities restored. Factories, mines, and farms need new equipment. Industries require raw materials to start peacetime production.

In many parts of the world rich natural resources await development. The people are ready to put their labor and the natural wealth of their countries to work. The time is at hand for an era of industrialization in these areas. Experience has shown without

contradiction that the trade of the United States prospers most with the industrialized areas of the world.

The many markets in all parts of the world need what we can produce. To these markets the American farmer, manufacturer, and laborer will want to and should be able to send his products. The proposed legislation is a step in the direction of making this possible.

Our potential foreign customers may be roughly divided into two principal categories. Some have the dollars or the credit with which to acquire American goods upon terms which exporters and private financial institutions are willing to extend without any further endorsements. Some will want credit terms which are reasonable and will involve such sums, maturities, or interest rates that private sources of capital will not desire or be able to undertake them alone.

Many Americans will want to participate in postwar foreign trade. They have the ability and the good business standing to engage in this trade, but may lack the financial resources to enter foreign markets. Extension to them of the facilities of the bank will solve this difficulty and permit them to share in the expansion of our foreign trade.

Under the proposed legislation we will be helping to sell United States goods abroad and we will be helping our potential foreign customers to purchase the goods they need. Goods produced in the United States to meet demands abroad will mean increased employment and production in the United States, more jobs for our men and women and returning veterans, greater opportunities for the manufacturers, the farmer, the owner of mineral resources, and the private investor.

American machinery, tools, raw materials, and services will enable other nations to rebuild or develop their industries and to produce goods which they can sell. This will increase their ability to service and pay their debts and to buy more goods from us. Their increased productive capacity will create more jobs for their people and raise their standards of living. This, too, will make more and better customers for American products.

Domestically strengthened and stabilized through the reestablishment and development of their economy our allies will be better able to protect and maintain the peace which we are now fighting for and for which we have laid the foundation at San Francisco.

The bill increases the lending authority of the bank by \$2,800,000,000. Compared to the foreign need for goods, this is a comparatively small sum but in the coming year most of our production may be required for carrying the war against Japan to a successful and early conclusion. In addition, by making available only a part of the funds required for financing foreign trade, when the bank does require an additional increase in its lending authority the Congress will be able to review the uses to which the present proposed authorization has been put and determine the extent to which the lending authority of the bank should be further increased.

Under the proposed legislation the bank will be able to expand considerably the activities it has been carrying on so successfully in the past 10 years to facilitate the foreign trade of the United States. The bank will continue its past policy of making loans only when private facilities do not undertake the job and that it will, to the greatest extent possible, encourage the participation of private capital. The increase in the lending authority of the bank will permit an expansion and increase in short-term loans to finance United States agricultural and industrial exports, medium- and long-term loans to other countries for reconstruction and development projects, and special transactions such as the guaranty of export credits, the underwriting of letters of credit, and the extension of revolving lines of credit to small United States exporters and importers.

The proposed legislation will permit the bank to help the war-devastated countries obtain materials for reconstruction purposes. This will be particularly important in the immediate period ahead. Lend-lease aid is not available for reconstruction purposes. The International Bank for Reconstruction and Development will not come into full operation during the next year and a half to 2 years, and even then the need for an expanded Export-Import Bank will continue. Immediate financial help is necessary in order to prevent chaotic conditions abroad. The Export-Import Bank will be able to finance foreign shipments to some extent by taking over certain phases of the 3 (c) lend-lease agreements as suggested by the President, and in other instances by financing countries who have been cut off from necessary supplies as a result of war conditions. Such financing will help stabilize the war-devastated countries and start them promptly on the road to recovery from the war.

II. ORGANIZATION AND HISTORY OF THE EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank was established in 1934 to help stimulate the recovery of our foreign trade from the low level to which it had fallen during the depths of the depression. At that time, the President, pursuant to the National Industrial Recovery Act, authorized the Secretaries of State and Commerce to form the bank, which was thereupon created under the laws of the District of Columbia on February 12, 1934.

In January 1935, the Congress continued the bank as an agency of the United States until June 1937 and, in addition to the powers contained in its charter, gave it additional banking powers to be exercised "for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign country or the agencies or nationals thereof." The act was amended subsequently to continue the bank as an agency of the United States until January 22, 1947.

Originally, there was no limit imposed by law upon the lending authority of the bank. In 1939, however, the act of January 1935 was amended to provide that loans outstanding at any one time should not exceed \$100,000,000. The limit was increased to \$200,000,000 in March 1940 and to \$700,000,000 by the act of September 26, 1940. That act authorized the Reconstruction Finance Corporation to supply funds to the bank up to a maximum of \$500,000,000 to enable it to make additional loans, including specifically loans "to assist in the development of the resources, stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere."

The bank operated as an independent agency from 1934 until July 1939, when it was made a part of the Federal Loan Agency under Reorganization Plan No. 1. In 1942, the bank was placed by Executive order under the office of the Secretary of Commerce. In July 1943 it was transferred by Executive order to the Office of Economic Warfare. When the Office of Economic Warfare later was consolidated into the Foreign Economic Administration, in September of the same year, the bank was also transferred to the Foreign Economic Administration. As a separate corporate entity, the operations of the bank have continued to be administered by its president, subject to the direction of the Foreign Economic Administrator and the board of trustees of the bank under the chairmanship of the Administrator.

Except for the original \$1,000,000 transferred to the bank in 1934 in payment for the common shares issued jointly to the Secretaries of State and Commerce, all of the funds of the bank have been obtained by the sale from time to time of preferred

stock to the Reconstruction Finance Corporation and from earnings. A total of \$174,000,000 of preferred stock has been issued and is now outstanding.

Pursuant to its charter, the bank is controlled by a board of 11 trustees elected annually by the stockholders, subject to the approval of the President of the United States. The right to vote all of the stock, both common and preferred, is vested in the Foreign Economic Administrator. In the interim between board meetings, the powers of the board are exercised by an executive committee of seven trustees. Loans are made only after formal authorization by the board of trustees or the executive committee.

The operations of the bank have involved a wide variety of transactions, although all of them have been undertaken for the fundamental purpose, laid down by Congress, of promoting the export and import trade of the United States either directly or indirectly. To avoid competition with private institutions, the bank has confined its activities to financing of a character or in an amount not obtainable from private sources. The techniques employed by the bank are, in general, those commonly used in the field of international finance and investment. However, in order to meet the changing needs of our foreign trade and to provide credit facilities for the small as well as the large exporter and importer, it has been necessary to maintain a high degree of flexibility in operating techniques.

It is difficult, because of their diversity, to classify the loans of the bank into hard and fast categories. Nevertheless, the following types of credits may be identified in its operations during the past 11 years.

(1) The bank has extended relatively short-term credits to all exporters of a given commodity to assist in financing the sale and export of agricultural surpluses. For example, before the war the bank assisted in the sale of raw cotton to foreign spinners and dealers by establishing through United States commercial banks lines of credit available to American cotton shippers and guaranteed by leading banks in the countries of purchase.

(2) The bank has extended credit directly to American firms exporting industrial products, particularly heavy machinery and electrical and railway equipment. Such transactions have usually been accomplished through the purchase without recourse by the bank of the obligations of the foreign purchaser endorsed or otherwise unconditionally guaranteed by a foreign bank or a foreign government.

(3) The bank has extended credit lines to individual firms which are experienced and of good repute but which are hampered by lack of capital in obtaining adequate accommodation from private sources. Such credits are revolving and are available to the exporter for limited periods, generally from year to year, upon presentation for discount by the bank through its agent bank of 90-day drafts on approved foreign purchasers. Comparable arrangements are available to United States importers.

(4) The bank has extended credits to make possible the maintenance of essential purchases from the United States by certain countries during periods when they were temporarily short of dollar exchange. Loans of this type have been made principally to banks in Latin-American countries. They were especially important after the cutting off of European sources of supply in 1940 and the consequent necessity on the part of Latin-American countries of concentrating their purchases in the United States at a time when their exports to the United States were still at relatively low levels.

(5) Loans have been made to foreign governments and their agencies to assist in financing the cost of materials, equipment, and services required for the construction of productive public works and the development

of natural resources and thereby to increase the foreign-trade potentials of the countries concerned.

(6) The bank has established a number of credits to stimulate foreign production and to expedite the transportation of strategic materials required for war production in the United States.

(7) Because of wartime transportation difficulties, the bank inaugurated a plan for underwriting letters of credit opened in this country by United States commercial banks in favor of approved foreign banks. A feature of this service was a provision to make payment against manufacturers' certificates of completion or railroad bills of lading instead of the ocean shipping documents customarily required. The bank assumed the responsibility for shipment of the goods within 3 months from the date of payment to the manufacturer. This service went beyond any previous facility offered United States exporters, but it is believed that it has been extremely worth while because the effect has been to keep established trade channels open during the war so far as possible.

From its organization to June 15 of this year, the Export-Import Bank has authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$397,000,000 were canceled either because the applicants found they did not require them or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$497,000,000, of which \$289,000,000 have been repaid. As at the close of business on June 15, 1945, outstanding loans totaled \$208,000,000 and undisbursed commitments aggregated \$375,000,000.

The earnings of the bank, after payment of all administrative expenses, have amounted to approximately \$42,000,000. The bank has paid dividends of over \$18,000,000 on the preferred stock held by the Reconstruction Finance Corporation. This leaves undivided profits of about \$24,000,000 as of the close of business on June 15, 1945.

III. EXPLANATION OF THE BILL BY SECTIONS

The bill reorganizes the management of the bank, removes certain restrictions on its operations, and simplifies the method by which the bank is financed. It continues and expands the funds and the authority of the existing bank, with its present assets and liabilities.

Short title

Section 1 provides a short title: "Export-Import Bank Act of 1945."

Powers of the bank

Subsection 2 (a) continues the Export-Import Bank of Washington as a banking corporation organized under the laws of the District of Columbia and as an agency of the United States. It continues the existing powers under the bank's charter and restates and clarifies the powers conferred upon the bank by statute to make loans, to discount, rediscount, or guarantee notes, drafts, bills of exchange, and other evidences of debt or to participate in the same for the purposes of promoting the foreign trade of the United States.

Subsection (b) provides that it is the policy of the Congress that the bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment.

Management of the bank

Section 3 provides for the management of the bank. Subsection (a) established by law the Board of Directors of the bank which is to consist of the Foreign Economic Administrator as Chairman, the Secretary of State, and three persons appointed by the President for a term of 5 years at a salary of \$12,000

per year with the advice and consent of the Senate. If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the Administrator of the Foreign Economic Administration will no longer be a member of the Board, and the President is to appoint a member to take his place. In that event the Chairman of the Board will be designated by the President. Not more than three directors may be members of any one political party. The Secretary of State may, to such extent as he deems it advisable, designate to act for him in the discharge of his duties as a member of the Board any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

Subsection (b) provides that a majority of the Board of Directors shall be a quorum.

Subsection (c) empowers the Board of Directors to adopt such bylaws as are necessary for the management and functioning of the bank.

Subsection (d) establishes an Advisory Board consisting of the same personnel as comprises the National Advisory Council on international monetary and financial problems provided for in the Bretton Woods Agreement Act, except that the Chairman of the Board of Directors of the bank serves as Chairman in lieu of the Secretary of the Treasury.

Subsection (e) provides that until October 31, 1945, or until two of the appointed members of the Board of Directors have qualified, whichever is the earlier, the affairs of the bank shall continue to be managed by the existing Board of Trustees.

Subsection (f) establishes the bank as an independent agency of the United States Government and provides that its functions, powers, and duties shall not be transferred or consolidated with any other department of the Government unless the Congress shall otherwise by law provide.

Capital structure

Sections 4 and 5: A capital stock of \$1,000,000,000 is authorized for the bank. Outstanding common and preferred stock is to be surrendered to the bank and canceled. The Secretary of the Treasury is to pay the Reconstruction Finance Corporation the par value of the preferred stock which the Reconstruction Finance Corporation will surrender and any dividends on preferred stock accumulated and unpaid to the date of its surrender. Of the authorized amount of capital stock of \$1,000,000,000 payment for \$175,000,000 equivalent to the par value of the outstanding preferred and common stock will be made by the surrender of such stock. Payment for the balance, \$825,000,000, will be made by the Secretary of the Treasury at the call of the Board of Directors of the bank. Certificates evidencing stock ownership are to be issued by the bank to the President of the United States. Authorization is given to the Secretary of the Treasury to finance these payments as public-debt transactions.

Borrowing power

Section 6 authorizes the bank to issue obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$2,500,000,000. The Secretary of the Treasury, is authorized to treat this as a public-debt transaction.

Lending authority of the bank

Section 7 provides that the bank shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of $3\frac{1}{2}$ times the authorized capital stock of the bank or \$3,500,000,000.

Other laws

Section 8 provides that the provisions of the existing charter relating to the term of existence of the bank, its management, and to its capital stock are superseded by

this legislation and exempts the bank from complying with any law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of the District of Columbia corporations and from the payment of fees or taxes to the District of Columbia in connection with its capital stock.

Reports to Congress

Section 9 requires the bank to transmit semiannual reports of operations as of the close of business on June 30 and December 31 of each year.

Repeal

Section 10 repeals existing legislation pertaining to the bank contained in section 9 of the act of January 31, 1935, as amended.

Johnson Act

Section 11 relieves from the prohibitions contained in the Johnson Act any person, including any individual, partnership, corporation, or association, who acts for or participates with the bank in any operation or transaction or acquires any obligation issued in connection with any operation or transaction engaged in by the bank.

IV. CONCLUSION

The committee believes that this bill is necessary to the expansion of our foreign trade and to enable the war-devastated countries to begin the immense task of reconstruction which lies ahead. The committee recommends, accordingly, that the bill be enacted as promptly as possible.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, in rising to oppose this bill, I am doing so fully cognizant of the fact that the legislative regimentation with which this House has been afflicted for some years on international spending is still fully operative and that this bill will be rammed through with lightning speed. I suppose I should be like the old dandy, who attributed his longevity with a willingness to "cooperate with the inevitable." However, if I did not oppose these lush loaning schemes I would not be keeping faith with the people who sent me down here.

I am not too much surprised at the regimentation that exists on the Democratic side of the aisle, but I must confess that I am regularly amazed and astounded at the absence of genuine or organized opposition by the Republican minority to this international lending and spending. The Republican Party represents itself to the country as the party of opposition and has orated with great fervor about its ability to stop the international spending that is bankrupting our people. Yet during the time I have been here, I do not recall one instance in which a full-fledged international spending scheme has met with more than scattered individual opposition from my side of the aisle. How that can be explained to the good people of this country, who are the victims of this spending spree, and who have counted on the Republican Party to oppose New Deal totalitarianism, I do not know.

The Import-Export Bank is reported as an organization with a record of good management and good loans. Without knowing more about their operations than the limited information in the course of 2 days hearings, I must confess that I am not competent to evaluate that claim.

On the surface they make a good statement, although they have paid no return to the Government for over 2 years on the capital employed, and although they have loans which might be questionable under any normal banking procedures. Likewise, they have been operating in what might be called a rigged market for foreign loans, because this Government has 47 other corporations, agencies, or departments spending dollars in foreign lands and thus making it easy to preserve the appearance of a sound financial arrangement, regardless of the actual underlying conditions.

Let us assume, however, that the operations thus far of the Export-Import Bank have been efficiently and properly conducted. For the sake of clarifying the issue on this subject, I believe that assumption can be warranted. The testimony before the committee indicated that the bank limited itself to making loans that the private banks would not make because the loans were not made on a strictly economic basis. In other words, the lending of the Export-Import Bank is made up of loans that are economically unbankable for one reason or another. In other words, there is some politics in these loans, or perhaps a lot of politics in them. Here is the basic issue, aside from the increased concentration of economic power in the hands of the central government in America.

It is my conviction that you cannot make a political loan to a nation or to any governmental subdivision without acquiring a vested interest in the internal political affairs of that nation. That interest in the political situation is simply a variation of the scripture verse "for where your treasure is there will your heart be also."

When the Nazi Government set out on a career of conquest, it started via the road of economic penetration. If the American Government embarks on a program of governmental foreign loans on a vast scale, regardless of its motives in so doing, it is following the identical pattern, and is injecting itself into the internal politics of every country where such loans are made. Mr. Speaker, that has always been a sure road to war.

Between the years 1919 and 1941, American exporters, both of dollars and goods, laid the foundations for the great World War which has laid desolate great parts of two continents and cost this Nation, already, more than a million casualties. Now for the same underlying motives—commercial profits—plus the unquenchable desires of the New Deal to "play god" to other nations in the world, we are involved in the same pattern of events, except that this time the savings of the people are being conscripted via taxes and bonds to finance these exports that create ill will abroad and furnish the industrial supplies needed for new wars.

When the Nazis went into foreign lands they gave these foreign nations great amounts of blocked currency which could only be spent for certain German goods of doubtful value. In America the New Deal has given this system of blocked currency a new twist. When any nation,

be it Germany, Great Britain, or the United States issues gigantic amounts of fiat currency via the route of deficit financing, it is mandatory to immobilize large amounts of this paper money by rationing its use or otherwise preventing its normal use. Germany and Britain soaked foreign lands with blocked currency. The American Government has gone them one better by allowing foreigners to exchange paper dollars for gold and allowing them to buy our goods and instead have left the American taxpayer holding the sack with blocked currency. I do not know what the alibi used by Germany and Great Britain with the foreign nations which held these blocked currencies was, but here in America the alibi is the war, just as the war is the standard alibi for all the blundering and skulduggery that is taking place.

In this former land of economic freedom, the American citizen is today holding this blocked currency to the tune of one hundred to two hundred billion dollars. While our goods are sent abroad the American holders of this blocked currency can spend it in riotous living, or at the horse races, or they can buy Government bonds. That is about the equivalent of the choice of the foreigners who held Nazi currencies, who could buy harmonicas or aspirin.

Increasing by 400 percent or \$2,800,000,000, the loaning powers of the Export-Import Bank simply adds to the inflation of our currency without making the corresponding production available to the American people.

In the testimony you will find that the American Bankers' Association is in favor of this proposal. It is quite natural that they would be. It assures them of an opportunity to participate in vast loaning schemes without risking their own money—with interest and profits being guaranteed by the Treasury of the United States and finally by the taxpayers of this country. Of course, the bankers are for this scheme. You would be too if you were a banker under such circumstances. No risk and sure profits is good enough bait even for a banker—as it was in Hitler land.

Nevertheless, the testimony before the committee indicated these facts:

First. That never did private banks of this country have more funds available for legitimate financing of international transactions than they do today.

Second. Never did the nations to the south of us, where most of these funds are currently being used, have more dollars and gold than they do today.

It is reported to the American people that the other nations are poor and that we are rich. It might be more correct to say that we were rich. Here are some facts. Under date of April 26 I had a letter from D. W. Bell, Under Secretary of the Treasury, from which the following paragraph is taken:

Foreign short-term balances in the United States amounted as of February 28, 1945, to \$5,736,000,000. These balances, which consist primarily of deposits in United States banks and holdings of short-term United States Government obligations, were then at the highest level ever reached, according to available data.

Further than that, I am inserting in the RECORD the gold reserves of central banks and governments of several nations south of us, as of December 1941 and as of February 1945:

Gold reserves of central banks and governments

[Millions of dollars]

Country	December 1941	February 1945
Argentina.....	354	409
Brazil.....	70	340
Chile.....	30	57
Colombia.....	16	95
Cuba.....	1	126
Mexico.....	47	221
Uruguay.....	100	164
Venezuela.....	41	147

Source: Federal Reserve Bulletin, June 1945.

The figures are taken from the Federal Reserve Bulletin and they indicate approximately an average increase of 100 percent in gold reserves in these nations to the South. During this same period, our own gold reserves have shown a steady shrinkage.

A few days ago before a Senate committee, I am informed that Mr. Harry White, of the Treasury stated that Great Britain had balances in this country at the moment to the tune of \$3,500,000,000. So that claim that there must be a great expansion in American loaning in order that other nations can buy here is not based on the facts.

Certainly, it is true that a few European nations are in desperate financial straits, including Poland, Czechoslovakia, Yugoslavia, and Greece among our allies. But they are all now supposedly receiving or are shortly to receive UNRRA aid in substantial amounts plus other current benefits. Possibly, they should receive some supplemental aid.

Mr. Chairman, when the American Government makes political loans it is getting into the internal politics of the nations to which the loans are made. When this Nation does that, it is playing power politics. Power politics means imperialism and continuous war.

Some people may feel pride in the surface prosperity of this country during these last few years, but I do not. Commercial profits paid for in the blood of American boys and the blasting of American homes have no appeal to me nor do they to the people of America. Years ago, the New Deal embarked on a program of large scale Government spending in order to perpetuate itself in power. As long as that large-scale political spending was limited to the borders of America, it could only empty our pocket-books and create economic, moral, and political evils which would be corrected. When that lush-spending policy is extended to the far corners of the earth, it still temporarily keeps the New Deal in power at home because of the false prosperity created. But the price in that case, in addition to the dissipation of our wealth, is untimely graves for hundreds of thousands of American boys and the blasting of countless American homes. For my part, that price is too high for the shabby tinsel of temporary commercial prosperity. It is too high a price for

the global political razzle dazzle of a New Deal administration that is destroying the foundations of the American Republic, and will, if continued unchecked, end all hope for human liberty in this generation.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Idaho.

Mr. WHITE. Is it not true that since the gold is today worth \$46 an ounce in Brazil, it has attracted gold that is worth \$35 an ounce here to the Treasury of Brazil, which the gentleman referred to?

Mr. BUFFETT. Yes; undoubtedly that price shows a foreign lack of confidence in our paper currency while reckless spending continues.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. I suggest that the countries the gentleman mentions, to which they intend to give this money, Poland and Yugoslavia, are both getting communistic governments, which are killing and liquidating their people. In effect, what we are doing is subsidizing the enslavement and killing of innocent human beings.

Mr. BUFFETT. The gentlewoman is well informed on that situation. I do not believe the American people have any way of knowing what is going on in these countries. A block-out of freedom exists in eastern and southern Europe.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I am quite sure everybody in this Chamber desires to maintain and increase our foreign trade. Everybody is in favor of giving all the aid we can to our exports and imports. If that is true, there should not be a single vote against this bill. Why do I say that? Because the Export-Import Bank has been operating for 11 years, and in that 11 years, besides carrying out its original purpose of aiding exports and imports, has made a profit of \$42,000,000. Not only have we helped those engaged in agriculture and industry, but we have made a good investment for the taxpayers of this country.

The Export-Import Bank was organized in 1934. At that time there was no limit to the outstanding loans. In 1939 the outstanding loans were limited to \$100,000,000. This was increased to \$200,000,000 in March 1940, and again increased to \$700,000,000 in September 1940.

There are six essential differences in this bill as compared with the present law. What are they? One is that the bank must make a semiannual report to the Congress. Another is that it increases the capital stock—the outstanding loans and guaranties—from \$700,000,000 to \$3,500,000,000. Another one is that it removes the prohibition on loans by the bank to any government in default upon the payment of its obligations to the Government of the United

States on April 13, 1934. Another is that it provides for the purchase by the Treasury of \$1,000,000,000 of the capital stock and the purchase by the Treasury of obligations of the bank to the extent of two and one-half times the capital stock.

It makes the life of the bank permanent.

This bill provides for five directors. Under the present law it is operated with a board of 11 trustees. These trustees are elected annually. The voting stock of the corporation is held by the Administrator of the Foreign Economic Administration, Leo T. Crowley. It is operated just as a regular bank is operated—Mr. Crowley controls the stock and the trustees are elected annually.

Under this bill the five directors are to be selected as follows: One is appointed from the Foreign Economic Administration—that is Mr. Crowley at the present time. One is to be the Secretary of State, and when he cannot act he must appoint a person in his office who has been approved by the Senate of the United States. The other three directors are independent and must give their entire time to the operation of this bank. Their salaries are \$12,000 annually. Not more than three of the directors shall be of the same political party.

The outstanding loans and undischarged commitments amount to approximately \$600,000,000. The loans now under active negotiation amount to nearly \$100,000,000, which is all that can be obtained from the present Export-Import Bank.

Therefore, it is absolutely necessary to increase the lending authority of the bank in order for it to meet the demands for essential loans. We must maintain our foreign trade and export our goods and surplus crops.

The bank, as I have stated, operated as an independent agency from 1934 to 1939. In 1939 it was made a part of the Federal Loan Agency. In 1942, by Executive order, it was placed under the Office of the Secretary of Commerce, about which there was so much said when we had the George bill up. In 1943 it was transferred, by Executive order, to the Office of Economic Warfare; later on transferred to Foreign Economic Administration, where it is today.

The Export-Import Bank has rendered aid in stimulating the recovery of foreign trade since 1934.

The bank was authorized to help in the financing and facilitating of exports and imports, and the exchange of commodities between the United States and many of its Territories and any foreign country. There was no limit on the amount of loans outstanding when the bank was first organized. The Export-Import Bank has authorized loans during the past 11 years aggregating \$1,270,000,000. About \$400,000,000 of the total authorization was canceled. The earnings of the bank, as I have stated, amount to more than \$42,000,000.

The bank is to be congratulated in its achievement, not only in making large profits but in giving great assistance to the American exports and American importers. The bank has a wide variety of transactions for promoting the export trade of this country. Operations have

been conducted in a way not to compete with private institutions. Some of the activities of the bank consist in short-term credits to exporters, to assist in financing the sale of agricultural surpluses. Before the war the bank assisted in the sale of raw cotton to foreign spinners and dealers. The bank extended credit to American firms exporting industrial products like heavy machinery, electrical, and railway equipment. The bank extended credit lines to individual firms which lacked capital in obtaining accommodation from private sources. Loans were made to foreign governments to assist in financing the cost of equipment for construction of public works and the development of natural resources in order to increase the foreign trade of many countries.

Mr. Crowley testified that when he made request for the appropriation for lend-lease for 1946 it was based at that time on the assumption that Congress would expand the lending authority of the Export-Import Bank in such a manner as to permit the financing of portions of the so-called 3 (c) agreements for the delivery of industrial equipment and supplies to France, Belgium, and the Netherlands.

The House has passed and the Banking and Currency Committee of the Senate has approved a bill authorizing participation of the United States in the proposed International Bank for Reconstruction and Development, which will provide long-term credits to foreign countries. It was stated by some witness that it might be 18 months before the Bretton Woods agreement was adopted by all the nations and that it was necessary for the Export-Import Bank to supply perhaps some of the needs contemplated by the International Bank. It was also stated at the hearing that the lend-lease will not operate after the war ends and therefore makes it necessary and imperative that this bill be passed as a temporary stop-gap.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman one additional minute.

Mr. BROWN of Georgia. Mr. Crowley further stated in his testimony that the Export-Import Bank will continue as in the past to pursue its major objective of facilitating the foreign trade of the United States, either directly through the financing of specific export and import transactions, or indirectly through assisting in the developing of the resources of foreign countries in order that we may have markets for American products and supplies of imports to this country.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, at the outset let me say that I favor the principle of the pending bill.

Secondly, let me say that if it remains in the hands of Mr. Leo Crowley, presently Administrator of the Foreign Economic Administration, it will be in good

hands. I have high confidence in him as a governmental administrator.

It remains however for Congress to give the Administrator the necessary guide lines under which this bill shall be administered. I propose to offer an amendment at the appropriate time when the bill is read, in the nature of a limitation upon the activities of the Export-Import Bank. In support of that amendment let me build my case about as follows: I want to start with the Atlantic Charter.

The late President of the United States and the Prime Minister met on board a vessel in the Atlantic and on the 14th of August, 1941, which will soon be four years, gave to the world the Atlantic Charter. Out of that came the "four freedoms," which was inscribed in the hearts of people everywhere, as I can so well testify from my conversations with humble people in more than 20 countries of the earth in the recent 90-day sojourn.

Subsequently the principles of the Atlantic Charter were endorsed in the declaration by the United Nations which was dated January 1, 1942, and was signed at Washington; 45 nations and the Commonwealth of the Philippines joined in that declaration by the United Nations in support of the principles of the Atlantic Charter. I want to read a portion of that declaration. It recites the names of these countries and then states:

The governments signatory hereto have subscribed to a common program of purposes and principles embodied in the declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, dated August 14, 1941, known as the Atlantic Charter.

First, therefore, we have the Atlantic Charter which became the pattern of this great crusade with which millions of soldiers from all the nations of the world are presently identified; and, secondly, those principles were then endorsed wholeheartedly by the United Nations Declaration here in the City of Washington on January 21, 1942.

I believe it is well for the record to recite the names of the countries which declared their support of the principles of the Atlantic Charter. They are the United States, Great Britain, Russia, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, Yugoslavia, Bolivia, Brazil, Chile, Colombia, Ecuador, Egypt, Ethiopia, France, Iran, Iraq, Liberia, Mexico, Paraguay, Peru, Philippines, Saudi Arabia, Turkey, Uruguay and Venezuela. These are the nations which solemnly agreed to support the principles of the Atlantic Charter.

I am particularly interested in the first three principles of the charter because those will be the basis for the amendment which I wish to offer. The first principle recites this:

First. Their countries seek no aggrandizement, territorial or otherwise.

Second. They desire to seek no territorial changes that do not accord with the freely expressed wishes of the people concerned.

Third. They respect the right of all people to choose the form of government under which they will live, and they wish to see sovereign rights of self-government restored to those who have been forcibly deprived of them.

What is the situation in the world today notwithstanding these recitals in the Atlantic Charter and in the Declaration of the United Nations? I visited the fronts. I visited many countries and talked to many people. Never take a world trip; it will disillusion you, it will break your heart. After you have taken inventory of such a trip it will make you a pronounced idealist; one cannot help it when he stands in cemeteries in all corners of the world and looks at crosses of humble soldiers from every State in the Union who so freely, willingly, and undramatically gave their lives in the interest of the principles for which we fight. If I have talked to one I have talked to 10,000 of these soldiers. When I asked them: "What are you fighting for?" the men rather sheepishly grinned, scratched their heads, looked puzzled, and finally said: "We think we are fighting for the 'four freedoms.'" That became the pattern, I am sure, of this crusade. But there is fear and anxiety in the world today everywhere.

Let us look at Greece where the ELAS is underground at the present time, where hammers and sickles are painted on every wall, and in every home there is genuine anxiety as to what is going to happen in the future.

In Bulgaria is a Soviet army of 250,000 troops. The commanding general of that army is also the President of the Allied Control Commission. From what I could hear authentically and authoritatively in Istanbul as to what the situation is in Bulgaria I was depressed about real freedom and its destiny. The same condition exists in Rumania, Czechoslovakia, also in Poland. This is not a one-nation fear by any means.

There has been a mandate over Syria and Lebanon since the last war, notwithstanding the statements that were repeatedly made that if they joined our cause in World War I they would be free. They are not free today and blood is being shed in the ancient city of Damascus that was once the seat of the ministry of the Apostle Paul. There is bloodshed. There is no freedom there. That is equally true in Lebanon. There were three armies in what is now known as Iran. We are preparing to withdraw our Persian Gulf command. There is no hint as to when the other two occupying armies will be taken out and sovereignty and full freedom will be restored. That situation is equally true in Iraq. There you will find the greatest proven field of oil of any in the world, even considering our own vast resources. Longing eyes are being cast there now and after a while there will be the force and the impact of economic selfishness that may prove the undoing of the world all over again.

The same thing is true in Egypt where, under an alliance that has existed since

1936, they have not been the masters of their own fate, and as one of the former members of the Cabinet said to me, "We had to surrender half of our freedom in order to preserve the other half."

I thought this was a war for freedom. Maybe I am all wrong. Maybe this Atlantic Charter is so much stuff. Everyone is familiar with the fact that an effort was made to deprecate the meaning, the purpose, and almost the existence of the Atlantic Charter, and to make it appear that it was but a series of unrelated and fragmentary conversations between the leaders of two countries.

It is something more than that to me. It either means something or it does not. It is the banner under which 10,000,000 soldiers and sailors have been siphoned out of the homes, farms, and firesides of this country to go forth and to do or die. When you read the casualty lists critically, over 400,000 of these youngsters have already died.

So it is a question whether we are going to carry through on this cause.

Now, then, lend-lease failed in one respect. It was a sort of unilateral operation. We got no fee for it. It was wholly within the province of the President what we should get. I expected no money at the time it was enacted in 1941, but I did feel there should be a determined devotion to the intangible values of freedom. The 1946 fiscal year will probably be the last of that. We had the second deficiency bill here on the floor the other day, providing four and one-third billion dollars for lend-lease, which will probably be the end of that operation. At that time I indicated there would be another instrument at hand, another weapon, not a weapon or instrument for victory but a weapon or instrument for freedom, which is the essential thing if the people are not to be let down and there is not to be frustration here and elsewhere in the world.

The only weapon that is left is what? Credit. Credit is in this bill. We propose now to raise the capital structure of the Export-Import Bank for the purpose of making loans to facilitate trading with other countries. I am for that principle. I want to support it, but I say to you now I do not want a single American dollar to undo the work of a single American GI who is sleeping peacefully in a little cemetery in some far-off country of the world. That is important. While it may not seem so important to us now as we get ready to wind up this session, let us wait a year or so and see what the sentiment of the American people will be. I am not going to ask for a roll call or quorum call on this amendment, but I do think we are going to have to fish or cut bait in this matter, because when the boys come back, and they take inventory and compare notes with their fathers and mothers back home, that will be the day of reckoning as to whether or not American dollars loaned to nations who fail to comply with the Atlantic Charter has frustrated their sacrifices.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman from Illinois three additional minutes.

Mr. DIRKSEN. Mr. Chairman, credit is one more instrumentality that we have to make this fight for freedom before the fruits of this hard-fought war are lost.

So I am going to propose an amendment to the bill. When the Export-Import Bank was first created in 1934 certain restrictions were written into the act and to me they appeared both sound and wholesome. We put three restrictions in it: First, we said there would be no loan to defaulting nations; second, there would be no loans to violators of international law as determined by the Secretary of State; third, there would be no loans for munitions and like purposes, or aircraft, with the exception of strictly and exclusively commercial aircraft. The amendment which I propose is a like restriction. Let me read it to you:

Provided, That none of the powers granted herein may be exercised with respect to any country (including political subdivisions, persons, organizations, and business firms, corporate or otherwise, owing allegiance thereto) unless such country has adhered and continues to adhere to and is faithfully observing the first three principles of the joint declaration of the President of the United States and the British Prime Minister, otherwise known as the Atlantic Charter, as set forth in the message of the President of the United States to the Congress of the United States under date of August 21, 1941 (CONGRESSIONAL RECORD, August 21, 1941, pp. 7216-7217): *Provided further*, That, if any such country is in the enjoyment of any aggrandizement obtained subsequent to its adherence to the said Atlantic Charter and contrary to the principles thereof, such country may qualify for benefits hereunder by divesting itself of such aggrandizement: *Provided further*, That the certificate of the President of the United States that such country meets the requirements hereof shall be conclusive.

Either we meant business when we sent 10,000,000 youngsters off to all the corners of the universe to fight for freedom, or we did not. Well, let us find out whether we meant it or not. I think we did, and I am going to stand by that pledge.

I believe the amendment is workable and sufficiently specific. It relates only to the first three principles of the Atlantic Charter and it can hardly be said that this is vague or uncertain unless those opposed to this amendment wish to confess publicly that all these years we have been fighting and sacrificing for a vague and uncertain thing and want to confess further that the 45 nations who signed the United Nations declaration also lent their signatures to something vague and uncertain. What a tragic confession that would be.

Secondly, let me reemphasize that nations can become eligible for loans when they comply with these principles relating to aggrandizement, unwarranted territorial expansion and an infringement of the free choice of people to select their own government. This is the very thing to which 45 nations agreed, and is it asking too much now to suggest that before additional dollars are made available out of the United States Treasury that they merely conform to the pledges which they gave in writing here in the Nation's Capital on the 1st day of January 1942. It is merely asking them to

do what they said they would do. Finally, it leaves it to the President to determine whether or not these nations have met the requirement of this amendment.

It has been said that this relates only to trade and economics and that moral considerations are another thing. It runs in my mind that back in 1933 the President of the United States spoke of chasing the money-changers out of the temple. Here indeed was a mixture of morality and economics. When all is said and done, what a terrible thing it is to confess that there are no morals of trade and that morality has nothing to do with this matter. If that be true then logically enough we might have proceeded to loan money to the very enemies whom we were determined to vanquish in the present war. I reaffirm here and now that I for one will not lend myself to any proposition whereby American dollars are to undo the sacrifices of American GI's. That must rest upon the individual conscience of every Member of this body.

Every so often there runs through the mind that refrain from a poem written by a colonel who was a casualty in the last war. It has become a deathless thing and is so often recited. You, too, will recall it and it goes like this:

We are the dead. Short days ago
We lived, felt dawn, saw sunset glow,
And now we lie in Flanders Field.

Take up the quarrel with the foe.
To you from failing hands we throw the
torch.

Be yours to hold it high.
If ye break faith with us who die,
We shall not sleep, though poppies blow
In Flanders Field.

Mr. SPENCE. Mr. Chairman, we have no further requests for time.

Mr. WOLCOTT. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. CRAWFORD].

(Mr. CRAWFORD asked and was given permission to extend his remarks in the RECORD.)

Mr. CRAWFORD. Mr. Chairman, I shall support this bill because, in view of the commitments and involvements which the United States has already made in connection with our international relations as set forth in the San Francisco Charter and under Bretton Woods and others, it is very necessary for some type of mechanism to begin to operate immediately incident to loans in connection with exports and imports and assisting in financing the other countries of the world who propose to go along with some of our policies. In my opinion, it will be from 18 to 24 months before the bank provided for under the Bretton Woods proposal, the International Credit Bank, can possibly begin to function. But, in the meantime, we have to act. I much prefer to have these transactions handled through the Export-Import Bank than through some other means that might be provided. This institution has been established. It has been in operation for almost a decade now, and no big scandal has developed, and, insofar as I can determine, its administration has been fairly capable and fairly satisfactory to the people of the country.

Therefore, I do not care to take any additional time, but simply suggest that the Congress approve the bill and put the institution on its feet in connection with the handling of these international transactions.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, I am very glad to welcome the gentleman from Illinois [Mr. DIRKSEN] to our group. I thought there were only about three people in the Congress who would support an amendment that would limit the loans to foreign countries, consistent with the Atlantic Charter. When you voted for Bretton Woods you voted unlimited billions of dollars which the foreign governments can have access to; to be used in whatever way they see fit. The hearings on this bill lasted two days; Wednesday, Thursday, and today the bill is in the House. We did not hear the bill read on which hearings were held. This is not the bill that was before us in executive session. The Clerk read a bill, and it turned out not to be the one on which we held hearings.

Mr. BUFFETT. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield to the gentleman from Nebraska.

Mr. BUFFETT. I think it should be noted at this point in the RECORD that here is a bill expanding the loaning power of an agency of the United States to the tune of \$2,800,000,000, and there are less than 50 Members of the House in the Chamber, at a time when the United States Government is going in the red at the rate of \$99,000 a minute. It seems to me that such a situation reflects sadly upon the state of operations in this House, when it can vote \$2,800,000,000 with less than 50 Members present, without printed hearings, and with no general discussion of the bill that amounts to anything.

Miss SUMNER of Illinois. It is very interesting to see the Congress wage a great battle against the FEPC on the ground that it is communistic, and then take a bill like this, which has in it all the elements of creating communism, and consider it with 35 Members on the floor.

Mr. BUFFETT. Does the gentlewoman recall that the Export-Import Bank loaned some twenty or thirty or forty million dollars to the Government of Finland at a time when Finland was at war with our late ally, Russia?

Miss SUMNER of Illinois. Yes, I recall.

Mr. BUFFETT. Does not the gentlewoman think that loans of that kind have the possibility of trouble and war inherent in their nature?

Miss SUMNER of Illinois. I will ask the gentleman what kind of an investigation he thinks it consists of when a committee takes an organization lending \$700,000,000 and goes over it in 2 days, without any questions regarding the loans, and then takes their word for it that there is a profit of \$40,000,000, and calls that an investigation? If that is an investigation, I could not investigate a \$60,000 bank in that length of time.

Mr. BUFFETT. Probably we are simply old-fashioned in that we think that when you are lending other people's money you ought to be getting some check on it. Some of the Members of the House have the new global conception of lending other people's money.

Miss SUMNER of Illinois. If the little bank in our town used that kind of operations, it would be in bankruptcy in 6 months.

Mr. BUFFETT. And the officials would be in jail, would they not?

Miss SUMNER of Illinois. That is right.

The beauty of this kind of bank is that as far as I know there is not in the legislation any provision to send anybody to jail for malfeasance on the part of the directors.

This organization has loaned \$700,000.-000. I call the attention of the House to the fact that this bill completely changes the type of organization of the Export-Import Bank, at least as far as I know. No details were given about the organization, but it would seem to indicate that they loaned only what money they had in the past during the time when they were under Jesse Jones, but now they come in and become a bank which has a capital of \$1,000,000,000, but is authorized to loan \$1,500,000,000, and the amount of its loans plus guaranties could amount to \$3,500,000,000. In other words, part of that money is created.

As the president of the American Bankers Association admitted when questioned, you cannot quite tell how much money could be gotten out of this in total by the borrowers, because it really does not require any money to guarantee another man's loan. You put your name on the paper and guarantee it. There is no provision as to how much reserve should be held back as part of the guaranty, so there is no way of knowing how far this money could be stretched to guarantee loans.

I call your attention to the fact that that is one of the tricks of the bureaucracies, well shown in the Bretton Woods movement, you might call it, they pushed. They tell you how much the United States puts in, how many dollars the United States puts in, for instance, in Bretton Woods.

They say the United States puts in \$6,000,000,000. Then, when you ask them how much are the borrowers going to be able to get out of it, they will say, "Well, the United States puts in \$6,000,000,000." In other words, they evade the question. The fact is that in the Bretton Woods bill foreign governments, regardless of the opposition of the American representative of the Bretton Woods fund, can get unlimited amounts of dollars, and those dollars can be used to drain the United States or buy things or whatever you want to do with dollars in the United States.

Mr. MONRONEY. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. Yes.

Mr. MONRONEY. In line with the gentlewoman's statement about the guaranties, I would like to respectfully call her attention to page 8 of the bill, section 7, which reads as follows:

The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the bank.

Section 1 provides the authorized capital stock of the bank shall not be in excess of \$1,000,000,000. So you have a total top amount of lending power and guaranteeing authority of three and one-half billion dollars provided specifically in the bill.

Miss SUMNER of Illinois. That is what the man from the Export-Import Bank said, but you heard the testimony of the representative of the American Bankers Association. He could not see where there was any limit on it.

Mr. MONRONEY. I am merely reading what the bill says.

Miss SUMNER of Illinois. Yes; I know. I read it. I questioned him. I do not think that is specific enough, and apparently the president of the American Bankers' Association does not think so either.

Certainly there is no limitation to Bretton Woods, and that is the trick, to tell you what the United States puts in and then let ignorant people run around and say that all they can get out of it is \$6,000,000,000.

Mr. BUFFETT. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. BUFFETT. Whether it is three and a half billion dollars or not, the fact is apparent that if they want another three and a half billion dollars they can come into this House with 40 or 50 Members here and pass it with a couple of days' hearings without any printed testimony. Is that not right?

Miss SUMNER of Illinois. There is no question but what they can do that all right.

Mr. CRAWFORD. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. CRAWFORD. I think the House should understand that, based on the testimony of Mr. Crowley, this \$2,800,000 increase, and the changes made in this bill are presumed to accommodate the bank for not to exceed the coming fiscal year, and that it is expected, unless the Bretton Woods International Credit Bank comes into operation, that is, unless it stands ready to serve, that in due course the administration will be back here asking for further expansion of credit possibilities in connection with the Export-Import Bank.

Miss SUMNER of Illinois. I think that is a true statement.

Mr. Brown, who is the American representative at Bretton Woods of the Treasury, was a witness in both the House and the Senate and testified in the Senate that there was nothing to prevent foreign governments from getting \$10,000,000,000 out of the International Bank. There are other provisions which he did not refer to which would permit them to get additional amounts above that.

In other words, we are in for a time when we have foreign governments diluting our dollars, thus making what you can buy for your money less and less and less and at the same time they can

buy your factories, if they want to, and take your goods out of the country and take them away from the American people.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

Mr. WOLCOTT. Mr. Chairman, I yield three additional minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. I call your attention to the fact that the most vicious part of a bill such as this is the fact that it really has the essence of communism in it.

In 1915, this was a country where every man was supposed to be equal before the law. The law was supposed to treat everybody alike. But in recent years we have reached the point where you have to have political pull to get anywhere. If you have a political pull you can go to a place like the Export-Import Bank and there is no limit to the amount of money they may loan to any one individual. There is no limit. They can make the interest as low as they want to make it. It sets up a favored class and this is only one of the laws that does that.

It seems to me inevitable, and it should be obvious to anybody who thinks about it at all, that as we go further and further into these programs where so much power is lodged in a bureaucracy, that we can only be a country where some people have factories and comforts and luxuries given them by the Government at no expense to themselves, and the rest of the people work to support them. It is communism any way you look at it, and it can only lead, as I see it, to the standard of living that they have in Russia.

Mr. BUFFETT. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. BUFFETT. It was stated in committee that this bill simply adds to the economic securities or power in the hands of the Government. That is the pattern of state socialism, whether you call it fascism, nazism, communism, or any other ism. This bill proceeds in that direction to the tune of \$2,800,000,000, yet it goes through this House without any significant opposition.

Miss SUMNER of Illinois. Yes. When I hear men get up here day after day and say they are for free enterprise and against communism, and then I look around when a bill like this goes through and see practically nothing but empty seats, except possibly 25 or 30, I wonder whether the people of this Congress really tell the American people the truth or whether they are bluffing. It seems to me we offer no more protection against communism, no more protection for free American enterprise in this country than if we were a lot of paper dolls.

The CHAIRMAN. The time of the gentlewoman from Illinois has again expired.

Mr. SPENCE. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. SABATH].

[Mr. SABATH addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

Mr. BUFFETT. Mr. Chairman, it is with a feeling of shock that I hear an Administration stalwart come to the well of the House and speak disparagingly of the ideals expressed in the Atlantic Charter. I recall an old salt water proverb that runs like this: "God watches over the brave sailor, but he must steer his own course."

Four years ago the President of this Nation and the Prime Minister of Great Britain marked out a course. That course was the Atlantic Charter, and I think it is appropriate either that we adopt policies that implement that charter or admit that the Atlantic Charter was simply a "campaign oratory" on the road to global war. If the savings of the American people are to be disbursed over the world, the least we can do is to try to provide that such spending squares with these pledges made to the common people here and everywhere.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The gentleman from Kentucky [Mr. SPENCE], says that the amendment is not specific. The fact remains that it relates to only the first three principles of the Atlantic Charter dealing with freedom to choose their own governments, aggrandizement and territorial expansion that is not in accordance with the very expressed wishes of the people. Secondly, he says you might write in the sermon on the mount and the ten commandments.

The fact of the matter is that the 45 nations that joined in the Atlantic Charter, in the United Nations Declaration which was signed right here in the capital city of Washington, have not subscribed to the Ten Commandments nor to the sermon on the mount but they have subscribed in every particular to the Atlantic Charter and to the three specific principles relating to aggression and aggrandizement.

Finally, it leaves it within the purview of the President whether or not they have met the requirements and a certificate can be obtained. There were only 78 loans made all last year by the Export-Import Bank. How easy it is for the President through his large entourage to see that an equivalent number of loans in any future fiscal year come within the provisions of this amendment, so that they can be easily certified.

Mr. BUFFETT. The gentleman is eminently correct.

Something over a year ago some of my colleagues and I sent a letter to the then Secretary of State, Mr. Hull, asking him to explain in some detail something of our war aims, before the cross-channel invasion began with the great casualties it would entail. We declared the people had a right to know what our war aims were. Mr. Hull sent us back a speech, and included in that speech as actual war aims was included the Atlantic Charter. If the war aim was the Atlantic Charter a year ago, the war goal should be the Atlantic Charter today. This amendment is a test

of the integrity of our stated war aims.

When the American Government goes out into my State and conscripts the savings of my people by taxes, or persuades them to buy bonds supposedly to build a better world, the American Government has an obligation to loan of that money according to the principles for which this war was supposed to be fought.

Mr. Chairman, when this Congress passes legislation that deliberately evades an opportunity to implement the principles for which American boys are buried in all lands of the world it is failing its trust. We were told that the course was set out for this war in the Atlantic Charter. When this Nation secures victory, it should be willing to implement that charter when it sends dollars to follow the path blazed by the guns and bravery of the American boys. Any other approach is a report to the people that the Atlantic Charter was a trick and a fraud to deceive them.

I have opposed this bill because it represents "power politics." The amendment would at least indicate that the inevitable "power politics" would have a set of principles to guide it. This amendment would improve this proposal.

Mr. MONRONEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. MONRONEY. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes after the conclusion of the remarks of the gentleman from Oklahoma.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, I always find it difficult to disagree with my distinguished friend from Illinois, but I am afraid he has not reasoned this amendment out very carefully. I do not yield to him or to anyone in my deep belief in and in my adherence to the principles of the Atlantic Charter.

I have worked for these principles just as hard as the gentleman has.

But I am afraid he is misplacing and misdirecting the principles of the Atlantic Charter by putting these proposed restrictions in this bill for the bank that is being set up rather than in the Charter of the United Nations that is now being considered by the United States Senate.

The United Nations Charter is the result of a carefully conceived and meticulously worked-out agreement with all nations. It was unanimously adopted at the San Francisco Conference. It is now up for ratification. I fear that if the House adopts this arbitrary limitation on its own motion, we may in effect defeat the carefully worked-out provisions of this charter. We may damage also, by attaching the splendid ideals of the At-

lantic Charter to the dollar sign, its acceptance by all the world.

I feel that the Atlantic Charter cannot be implemented by or forced on nations by mere words in law. To me, it is an ideal, a goal of international morality, almost as dear as the Sermon on the Mount. I do not remember any place in that great Book, the Bible, where the principles of force, where the principles of tying up the religion of Christ and the Sermon on the Mount with the money changers helped to promote the acceptance of religion that most of the people in this Nation now profess.

LEADERSHIP VERSUS FORCE

I think the success of the religion of Christ is an example of the fact that with the humble approach of a true guiding principle it will take root and thrive by precept and moral leadership rather than try to force it upon the world or its people through pressure, either physical or economic. In fact, it was the great Nazarene who Himself drove the money-changers out of the temple.

So to tie up the acceptance and adherence to the Atlantic Charter with the ability to get a loan, goes against the grain of international morality, as I see it.

Fundamentally, if this bank is to be a sound instrument of business, if it is to be worth the putting up of three and a half billion dollars worth of American credit in order to facilitate trade and employment in this country, then these loans must be made on an economic basis, strictly on an economic basis, determined by the principles that are laid down in this bill. These principles require the loan to be reasonably secure, to be non-competitive with free enterprise and to be for a specific purpose.

I believe the gentleman from Illinois is firmly of the opinion, as I am, that the Atlantic Charter is the cornerstone and keystone of our national foreign policy. I believe almost everyone who understands our policy knows that.

I do not believe a bank operated by the Chairman of the Foreign Economic Administration, by the Secretary of State, and with three other directors appointed by the President and confirmed by the Senate, is going to go counter to our basic foreign policy.

But to adopt this amendment here and to announce to the world that we are going to force upon every nation in the world immediate acceptance of the Atlantic Charter in order to get the loans would be the worst kind of foreign policy which we could adopt. Many nations such as China, India, Egypt, and others will seek credit in this Nation for our products. Momentarily, because of conditions beyond their control, they could not qualify for loans under Mr. DIRKSEN's amendment.

If we believe in these principles, if we expect the world to believe in them and to really adhere to them, then let us not tie it up with dollar diplomacy.

What loans are to be made must be made because they are good loans, because they aid in the creation of jobs for our people. We cannot afford to embark upon an effort to buy the rest of the world over to the principles of the Atlantic Charter. We cannot afford that,

We must work through moral leadership and through intelligent diplomatic action for attainment in all the world of the high ideals of the Atlantic Charter.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, I am in full accord with the amendment. I subscribe to the principles of the Atlantic Charter. The boys of America have died to make the charter the law of the world, and I think any step toward enforcing it should be taken by the United States.

The CHAIRMAN. The Chair recognizes the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, this, of course, would be a complete reversal of our present foreign policy.

Since we have gone into the war we have given lease-lend without any strings attached. As a result, Russia has taken over Poland and has taken over Latvia, Lithuania, and Estonia—has taken over the Balkans—has taken over Yugoslavia, through internal revolution; and by operating their internal revolution, is taking over the countries of South America, and also in China. By giving unlimited billions of dollars in Bretton Woods, we are in effect acting as an accessory to that crime of violating the Atlantic Charter for which our American boys were told they were risking their lives.

This amendment comes perhaps a little late, since it should have been put in the Bretton Woods bill, if you wanted to stop this subsidizing of aggression and the subsidizing of the Atlantic Charter. At least, if the Congress did that it would be doing the thing it ought to do. It is wrong for American money and equipment to be given to Russia, Britain, or any other country for aggression against little helpless neighbors, and the stirring up of war against each other. We know, whether we admit it or not, if we continue to give unlimited money and equipment, continue acting as the arsenal for both sides in the crisis between Britain and Russia, it is nothing but building up another and worse world war to fight.

Mr. BUFFETT. Will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. BUFFETT. In making a loan from a bank, character is one of the most important qualifications. What this amendment would do is simply add the character qualification to these nations who borrow from this bank, because they would be indicating that they had kept their word on their previous promise when they joined the United Nations and subscribed to the Atlantic Charter.

Miss SUMNER of Illinois. No American citizen can go into a bank and borrow from the American Government and say he was going to use that for robbing or killing innocent neighbors. The idea of giving it to some government to kill and enslave innocent human beings and take over innocent governments seems to me absolutely contrary to anything that has ever been known to be American in this country until this war started.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

The gentleman from North Carolina [Mr. FOLGER] is recognized.

Mr. FOLGER. Mr. Chairman, considering the high ideals embodied in the amendment which the gentleman from Illinois [Mr. DIRKSEN] has offered to this bill, it becomes hard for one to seem to go counter to the general thought that is embodied in the language. It would be excellent in a proper setting. But I am compelled to oppose the amendment upon the ground that this is not the time nor the place to make these excellent pronouncements and to hold out demands that the Atlantic Charter shall finally be recognized and accepted in a way that would meet the desires of the people of this country, as a qualification to borrow from the Export-Import Bank.

This bank is set up for these purposes: For the purpose of aiding in the financing and facilitating of exports and imports and exchange of commodities between the United States or any of its territorial or insular possessions, or any foreign country or the agencies or nationals thereof. In the next subsection it is stipulated that it is the policy of the Congress that the bank, in the exercises of its functions, should supplement and encourage, and not compete with private capital. It is a matter designed to aid our exports and imports. It is a matter designed to aid in the economic well-being of our own people, as well as contributing to the reconstruction of the devastated countries of the world, in a lawful and sensible measure.

As the gentleman from Michigan [Mr. WOLCOTT] observed, we expect this to reflect its benefits to us in increased production and increased employment in the United States.

In the committee we were rather minded to have understood the avoidance that the directors or board of advisers should go into the politics of the various countries of the world, further than in their judgment it might affect the repayment of the moneys that we were to loan through this Export-Import Bank.

I do not know where this proposed amendment will lead us. I have not had much time to consider, and neither have you, but in my opinion it would lead us into a maze of investigation and speculation as to what is a democratic country or what is a country that has lent itself in times past to what might be determined was some sort of aggrandizement, or whether they had desisted from it and never expect to do it again.

All these things would involve this bill and this law in such a maze of uncertainty that we would not know how to administer it. As was suggested by the gentleman from Oklahoma, this language might have been good in the Atlantic Charter. I do not think the amendment ought to be agreed to.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The gentleman from Arkansas [Mr. HAYS] is recognized.

Mr. HAYS. Mr. Chairman, I am sure there is no difference between us as to the merits of the Atlantic Charter, but apparently there is a great difference between us as to the means by which those high objectives can be achieved. This is a very simple proposition. I think an analogy would be found in a private loan made by a banker. The banker is entitled to say to the borrower: "Are your plans for repayment sound, and what are the economic procedures by which I can determine the soundness of the loan?" But that banker would be guilty of a great offense if he said: "Before I make this loan you must subscribe to certain principles," and gave the applicant a statement of a political or religious character to sign. The statement itself might be entirely proper, as this one relating to the Atlantic Charter certainly is; but it has no place in the realm of economic policy.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. McCORMACK. It is my fear that this amendment, high-minded though it is, if adopted would create such uncertainty in the operation of the bank as to seriously interfere with its success.

Mr. HAYS. I am very glad the gentleman from Massachusetts has made that statement.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MONRONEY. Do we want to send out word to the rest of the world that has looked so expectantly for many months to the San Francisco Conference that the House is interjecting a great uncertainty into the program announced by the Conference.

Mr. HAYS. I am glad for the gentleman to refer to that for I was coming to it myself and I appreciate the emphasis he places upon the point. With the machinery set up under the United Nations Charter now under consideration in the Senate it would be unwise to inject an issue of this kind into the determination of a fiscal policy.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to my distinguished friend from Illinois.

Mr. DIRKSEN. Were we wrong in 1934 when we laid the restriction on the Export-Import Bank that it could not make a loan to any country which the State Department found was violating international law? Were we wrong or were we right?

Mr. HAYS. I think it is quite different, I will say to the gentleman from Illinois, to speak of a particular policy of that kind. There may have been some particular conditions requiring that provision at that time. I think the two circumstances are entirely different.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. McCORMACK. Only a few years prior to that Japan had made its attack upon China.

Mr. HAYS. And it did have some particular application.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. BROWN of Georgia. Let me call attention to this further fact that the Export-Import Bank has made a return to the taxpayers of this Nation of \$42,000,000.

Mr. HAYS. I thank the gentleman. And now in closing, Mr. Chairman, may I urge the defeat of this amendment. The Senate of the United States now has under consideration the United Nations Charter. The world is looking to America for moral leadership. We must maintain that leadership; we must repudiate dollar diplomacy. We cannot afford to inject into consideration of economic policy an issue of the kind raised by this amendment.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

The gentleman from Michigan [Mr. WOLCOTT] is recognized.

Mr. WOLCOTT. Mr. Chairman, the amendment offered by the gentleman from Illinois [Mr. DIRKSEN] is the direct antithesis of everything the Republicans on the Banking and Currency Committee have been concerned about and working for ever since this bill was introduced.

We have been more than fearful in our deliberations that dollar diplomacy, that power politics, would control the policy of this bank; and it was only after hours of good hard honest work that we were given assurances that this bank would be used primarily if not exclusively to make good sound economic commercial loans and should not be used to pit one nation against another or to put one nation in an advantageous position to the prejudice of another. We wrote certain language into this bill to safeguard this capital against its use for the very purposes for which the gentleman from Illinois would open the gates wide to pressure on the countries of the world to adopt our philosophy of Government. We cannot do that with \$3,500,000,000. If we are going out to buy democracy in the world, it is going to cost more than \$3,500,000,000.

If I were the manager of a bank and in the business of making loans to build up my community, to keep my factories going and my men employed, I would not care whether those men were Catholics, Jews, or Gentiles, whether they were colored or white; I would feel that they had the same right to their religion and their creed as I did. In the cold business of lending money to keep factories open and men employed you do not ask a man his religion or his political philosophy. I surely cannot contribute to any amendment to this bill which is going to compel the Export-Import Bank to predicate a loan upon whether a country has adopted a particular philosophy of government which appeals to me but which may not appeal to him.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, everybody agrees with the worthy object of the Dirksen amendment, but when it is calmly and carefully analyzed we find

the practical operation of it produces difficulties of a very serious nature. For instance, as I understood the speech of the author, one of the first three provisions of the Atlantic Charter provides that countries shall establish a government through a free election. Suppose the President were called upon, as this amendment provides, before approving a loan to decide whether or not a free election was held in some South American country or not. Why, that would be the most difficult sort of subject for the President to inquire into unless he set up a commission, sent it down to survey the ballots and find out whether it was a free election. Pretty nearly every one of those countries usually has a dispute as to whether an election was honestly held or not. This might put the President of the United States in the position of saying that an applicant for a loan over his own signature has failed to comply with the Atlantic Charter. By so doing you would involve this country in new and very serious diplomatic relations with that particular country.

What is the alternative? The Secretary of State is a permanent director of this bank. He is watching international developments in every country of the world every day through his great staff of men that work under him. When he sees a loan application from a country that is not behaving in accordance with the Atlantic Charter or in accordance with the provisions of the San Francisco Charter, without any announcement, without any publication to the world, he would say to his brother directors; "This is an unwise loan. Let us forget about it." He would not go out in the newspapers and in the official publications and say, "This country is a violator" because thereby you would be inviting the danger of really serious complications.

There is another aspect of it. Suppose that this bank did make a loan, and after the loan was made it was rather conclusively proved that a country was operating in violation of the Atlantic Charter. What are you going to do about it? Are you going to call the loan the next day? If the country is in an impoverished condition and unable to pay, what are you going to do about it? Do you want your money back? If you do, you will have to nurse your loan and give the institution in which it was invested an opportunity to create enough earnings to pay back the loan. So you would defeat the very object of the bank under this amendment.

In conclusion, it seems to me that all these political questions will be settled through the so-called League of Nations that will be created through the San Francisco Charter, and its business is to keep all countries living in accordance with that charter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. BUFFETT) there were—ayes 9, noes 93.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, pursuant to House Resolution 321, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BUFFETT) there were—ayes 102, noes 6.

So the bill was passed.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 512. An act for the relief of Mr. and Mrs. Arthur R. Brooks.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3368) entitled "An act making appropriations for war agencies for the fiscal year ending June 30, 1946, and for other purposes."

The message also announced that the Senate recedes from its amendment numbered 5 to the foregoing bill.

LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

SIGNING OF ENROLLED BILL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House today, the Speaker be authorized to sign enrolled bill H. R. 3368, the war agencies appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

79TH CONGRESS
1ST SESSION

H. R. 3771

IN THE SENATE OF THE UNITED STATES

JULY 16 (legislative day, JULY 9), 1945

Read twice and referred to the Committee on Banking and Currency

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Export-Import Bank
4 Act of 1945".

5 SEC. 2. (a) The Export-Import Bank of Washington,
6 District of Columbia, a banking corporation organized under
7 the laws of the District of Columbia as an agency of the
8 United States, is continued as an agency of the United
9 States, and in addition to existing charter powers, and with-
10 out limitation as to the total amount of obligations thereto
11 of any borrower, endorser, acceptor, obligor, or guarantor

1 at any time outstanding, it is hereby authorized and em-
2 powered to make loans, to discount, rediscount or guarantee
3 notes, drafts, bills of exchange, and other evidences of debt,
4 or participate in the the same, for the purpose of aiding in
5 the financing and facilitating of exports and imports and
6 the exchange of commodities between the United States
7 or any of its Territories or insular possessions and any foreign
8 country or the agencies or nationals thereof. The Bank is
9 hereby authorized to use all its assets, including capital and
10 net earnings therefrom, and to use all moneys which have
11 been or may hereafter be allocated to or borrowed by it, in
12 the exercise of its functions as such agency.

13 (b) It is the policy of the Congress that the Bank in
14 the exercise of its functions should supplement and encourage
15 and not compete with private capital, and that loans, so far
16 as possible consistently with carrying out the purposes of
17 subsection (a), shall generally be for specific purposes, and,
18 in the judgment of the Board of Directors, offer reasonable
19 assurance of repayment.

20 SEC. 3. (a) (1) The management of the Export-
21 Import Bank of Washington shall be vested in a Board of
22 Directors consisting of the Administrator of the Foreign
23 Economic Administration, who shall serve as Chairman,
24 the Secretary of State, and three persons appointed by the
25 President of the United States by and with the advice and

1 consent of the Senate. The Secretary of State, to such ex-
2 tent as he deems it advisable, may designate to act for him
3 in the discharge of his duties as a member of the Board of
4 Directors any officer of the Department of State who shall
5 have been appointed by and with the advice and consent
6 of the Senate.

7 (2) If the Foreign Economic Administration ceases to
8 exist in the Office for Emergency Management in the Ex-
9 ecutive Office of the President, the President of the United
10 States shall appoint by and with the advice and consent
11 of the Senate another member of the Board of Directors.
12 The member so appointed shall serve for the remainder of
13 the existing terms of the other three appointed members,
14 but successors shall be appointed for terms of five years.
15 After the Foreign Economic Administrator ceases to be
16 a member of the Board of Directors the President of the
17 United States shall, from time to time, designate one of the
18 members of the Board to serve as Chairman.

19 (3) Of the five members of the Board, not more than
20 three shall be members of any one political party. Each
21 of the appointed directors shall devote his time not other-
22 wise required by the business of the United States principally
23 to the business of the Bank. Before entering upon his duties
24 each of the directors so appointed and each officer of the
25 Bank shall take an oath faithfully to discharge the duties of

1 his office. The terms of the appointed directors shall be
2 five years, except that the terms of the directors first ap-
3 pointed shall run from the date of appointment until June
4 30, 1950. Whenever a vacancy occurs among the directors
5 so appointed, the person appointed to fill such vacancy
6 shall hold office for the unexpired portion of the term
7 of the director whose place he is selected to fill. Each
8 of the appointed directors shall receive a salary at the
9 rate of \$12,000 per annum, unless he is an officer of the
10 Bank, in which event he may elect to receive the salary of
11 such officer. No director, officer, attorney, agent, or em-
12 ployee of the Bank shall in any manner, directly or indirectly,
13 participate in the deliberation upon or the determination of
14 any question affecting his personal interests, or the interests
15 of any corporation, partnership, or association in which he
16 is directly or indirectly personally interested.

17 (b) A majority of the Board of Directors shall con-
18 stitute a quorum.

19 (c) The Board of Directors shall adopt such bylaws as
20 are necessary for the proper management and functioning of
21 the Export-Import Bank of Washington, and may amend
22 the same.

23 (d) There shall be an Advisory Board consisting of
24 the Chairman of the Export-Import Bank of Washington,
25 who shall serve as Chairman, the Secretary of State, the

1 Secretary of the Treasury, the Secretary of Commerce, and
2 the Chairman of the Board of Governors of the Federal Re-
3 serve System, which shall meet at the call of the Chairman.

4 The Advisory Board may make such recommendations to the
5 Board of Directors as it deems advisable, and the Board
6 of Directors shall consult the Advisory Board on major ques-
7 tions of policy.

8 (e) Until October 31, 1945, or until at least two of
9 the members of the Board of Directors to be appointed have
10 qualified as such directors, whichever is the earlier, the affairs
11 of the Bank shall continue to be managed by the existing
12 Board of Trustees.

13 (f) The Export-Import Bank of Washington shall con-
14 stitute an independent agency of the United States and
15 neither the Bank nor any of its functions, powers, or duties
16 shall be transferred to or consolidated with any other depart-
17 ment, agency, or corporation of the Government unless
18 the Congress shall otherwise by law provide.

19 SEC. 4. The Export-Import Bank of Washington shall
20 have a capital stock of \$1,000,000,000 subscribed by the
21 United States. Payment for \$1,000,000 of such capital
22 stock shall be made by the surrender to the Bank for can-
23 cellation of the common stock heretofore issued by the
24 Bank and purchased by the United States. Payment for

1 \$174,000,000 of such capital stock shall be made by the
2 surrender to the Bank for cancellation of the preferred stock
3 heretofore issued by the Bank and purchased by the Recon-
4 struction Finance Corporation. Payment for the \$825,-
5 000,000 balance of such capital stock shall be subject to
6 call at any time in whole or in part by the Board of
7 Directors of the Bank. For the purpose of making pay-
8 ments of such balance, the Secretary of the Treasury is
9 authorized to use as a public-debt transaction the proceeds
10 of any securities hereafter issued under the Second Liberty
11 Bond Act, as amended, and the purposes for which securi-
12 ties may be issued under that Act are extended to include
13 such purpose. Payment under this section of the subscrip-
14 tion of the United States to the Bank and repayments
15 thereof shall be treated as public-debt transactions of the
16 United States. Certificates evidencing stock ownership of
17 the United States shall be issued by the Bank to the Presi-
18 dent of the United States, or to such other person or persons
19 as he may designate from time to time, to the extent of
20 the common and preferred stock surrendered and other pay-
21 ments made for the capital stock of the Bank under this
22 section.

23 SEC. 5. (a) The Secretary of the Treasury shall pay
24 to the Reconstruction Finance Corporation the par value
25 of the preferred stock upon its surrender to the Bank for

1 cancellation. For the purpose of making such payments
2 to the Reconstruction Finance Corporation the Secretary
3 of the Treasury is authorized to use as a public-debt trans-
4 action the proceeds of any securities hereafter issued
5 under the Second Liberty Bond Act, as amended, and the
6 purposes for which securities may be issued under that Act
7 are extended to include such purpose. Payment under this
8 subsection to the Reconstruction Finance Corporation shall
9 be treated as public-debt transactions of the United States.

10 (b) Any dividends on the preferred stock accumulated
11 and unpaid to the date of its surrender for cancellation shall
12 be paid to the Reconstruction Finance Corporation by the
13 Bank.

14 SEC. 6. The Export-Import Bank of Washington is
15 authorized to issue from time to time for purchase by the
16 Secretary of the Treasury its notes, debentures, bonds, or
17 other obligations; but the aggregate amount of such obliga-
18 tions outstanding at any one time shall not exceed two
19 and one-half times the authorized capital stock of the Bank.
20 Such obligations shall be redeemable at the option of the
21 Bank before maturity in such manner as may be stipulated
22 in such obligations and shall have such maturity and bear
23 such rate of interest as may be determined by the Board of
24 Directors of the Bank with the approval of the Secretary
25 of the Treasury. The Secretary of the Treasury is hereby

1 authorized and directed to purchase any obligations of the
2 Bank issued hereunder and for such purpose the Secretary
3 of the Treasury is authorized to use as a public-debt trans-
4 action the proceeds of any securities hereafter issued under
5 the Second Liberty Bond Act, as amended, and the pur-
6 poses for which securities may be issued under that Act
7 are extended to include such purpose. Payment under this
8 section of the purchase price of such obligations of the Bank
9 and repayments thereof by the Bank shall be treated as
10 public-debt transactions of the United States.

11 SEC. 7. The Export-Import Bank of Washington shall
12 not have outstanding at any one time loans and guaranties
13 in an aggregate amount in excess of three and one-half
14 times the authorized capital stock of the Bank.

15 SEC. 8. The provisions of the existing charter of the
16 Bank relating to the term of its existence, to the management
17 of its affairs, and to its capital stock are superseded by the
18 provisions of this Act and the Bank shall be exempt from
19 compliance with any provisions of law relating to the amend-
20 ment of certificates of incorporation or to the retirement
21 or increase of stock of District of Columbia corporations and
22 from the payment of any fee or tax to the Recorder of Deeds
23 of the District of Columbia determined upon the value or
24 amount of capital stock of the Bank or any increase thereof.

25 SEC. 9. The Export-Import Bank of Washington shall

1 transmit to the Congress semiannually a complete and detailed
2 report of its operations. The report shall be as of the close
3 of business on June 30 and December 31 of each year.

4 SEC. 10. Section 9 of the Act of January 31, 1935
5 (49 Stat. 4, ch. 2), as amended, is repealed.

6 SEC. 11. Notwithstanding the provisions of the Act of
7 April 13, 1934 (48 Stat., ch. 112, p. 574), any person, in-
8 cluding any individual, partnership, corporation, or associa-
9 tion, may act for or participate with the Export-Import
10 Bank of Washington in any operation or transaction, or may
11 acquire any obligation issued in connection with any operation
12 or transaction, engaged in by the Bank.

Passed the House of Representatives July 13, 1945.

Attest:

SOUTH TRIMBLE,

Clerk.

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

JULY 16 (legislative day, JULY 9), 1945

Read twice and referred to the Committee on
Banking and Currency

in the United States in 1943 totaled almost \$2,500,000,000.

In the light of all this, Mr. President, it must be clear that in offering a bill requiring the expenditure of \$5,000,000 to assist the States in controlling industrial hazards, we are making a very shrewd investment which will be returned to us many times over, financially and socially.

I ask that this bill be referred for consideration to the Committee on Education and Labor and that it be printed in full in the RECORD.

There being no objection, the bill (S. 1271) to provide for cooperation with State agencies administering labor laws in establishing and maintaining safe and proper working conditions in industry and in the preparation, promulgation, and enforcement of regulations to control industrial health hazards, introduced by Mr. JOHNSTON of South Carolina (for himself and Mr. BALL), was received, read twice by its title, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That for the purpose of enabling the United States, through the Department of Labor, to cooperate with State agencies administering labor laws in establishing and maintaining safe and proper working conditions in industry and in the preparation, promulgation, and enforcement of regulations to control industrial health hazards, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1946, the sum of \$5,000,000 to be used as hereinafter provided. Such amount shall be allotted by the Secretary of Labor for use by cooperating State agencies administering labor laws on the basis of (1) the population; (2) the number of wage earners; (3) the special safety and health problems in industry; (4) the number of workers afforded protection by the State law and the cost of proper and efficient administration of such law; and (5) the financial needs of the respective States.

SEC. 2. Prior to the beginning of each year, the Secretary of Labor shall determine in accordance with rules and regulations previously prescribed by the Secretary of Labor after consultation with a conference of the State and Territorial authorities administering labor laws, the amount to be paid to each State from time to time from the allotment to such State and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement of the General Accounting Office, pay in accordance with such certification.

SEC. 3. The moneys so paid to any State shall be expended solely in carrying out the purposes specified in section 1 under plans jointly developed by the agency administering the labor laws of such State and the Division of Labor Standards and approved by the Secretary of Labor. In the operation of such plans the services and facilities of public-health services in the field of industrial hygiene shall be utilized to the extent that such services may be made available to the labor departments of the States.

SEC. 4. There is hereby created within the office of the Secretary of the Department of Labor a Commission to be known as the Industrial Safety Commission. The Industrial Safety Commission shall be appointed by the Secretary of Labor without regard to any other provisions of law regarding the appointment and compensation of employees of the United States. It shall consist of

three members—one a representative of the public who shall be chairman, one a representative of employers, and one a representative of employees. The Secretary may appoint such advisory committees composed of representatives of employers, employees, and the public and such technical experts as may be deemed necessary to advise with the Commission in carrying out its duties.

SEC. 5. The Industrial Safety Commission is hereby authorized and directed (1) to recommend to the States reasonable standards, methods, and procedures for establishing safe working conditions in industry with a view to encouraging more effective control of hazardous conditions by the several States.

SEC. 6. The Secretary of Labor is authorized to appoint, subject to the civil-service laws, such employees as he deems necessary to carry out his functions and duties under this act and to service the Industrial Safety Commission in its functions and duties and shall fix their compensation in accordance with the provisions of the Classification Act of 1923, as amended.

SEC. 7. There is hereby authorized to be appropriated to the Secretary of Labor for the fiscal year ending June 30, 1946, the amount of \$250,000 for all necessary expenses in administering the provisions of this act.

SEC. 8. As used in this act "State" means any State of the United States or the District of Columbia or any Territory or possession of the United States.

SEC. 9. The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this act.

DISPOSITION OF CERTAIN TRIBAL FUNDS IN MONTANA

Mr. WHEELER. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to provide for the disposition of tribal funds of the Confederated Salish and Kootenai Tribes of Indians of the Flathead Reservation in Montana. In connection with the bill I ask that a resolution adopted by the governing body of the Confederated Salish and Kootenai Tribes of the Flathead Reservation be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill introduced by the Senator from Montana will be received and appropriately referred, and the resolution will be printed in the RECORD.

The bill (S. 1272) to provide for the disposition of Tribal Funds of the Confederated Salish and Kootenai Tribes of Indians of the Flathead Reservation in Montana, introduced by Mr. WHEELER, was read twice by its title and referred to the Committee on Indian Affairs.

The resolution presented by Mr. WHEELER in connection with the bill is as follows:

"Resolution of the governing body of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, an Indian chartered corporation, requesting a general act to permit the use of tribal funds in the United States for the development of such economic plans as the tribal council and Secretary of the Interior may approve

"Whereas the tribal council of the Confederated Salish and Kootenai Tribes will be furnish detailed plans to the Secretary of the Interior, for approval before these funds will be expended; Now, therefore, be it

"Resolved by the Tribal Council of the Confederated Salish and Kootenai Tribes of the Flathead Reservation in special session assembled on April 27, 1945, at which seven members, constituting a quorum, are present. Hereby request that the Congress of the United States enact proper legislation so that notwithstanding any other provision of existing law, the tribal funds now on deposit

or hereafter placed to the credit of the 'Confederated Salish and Kootenai Tribes of Indians,' in the United States Treasury, shall be made available for such purposes as may be designated by the tribal council of said tribes and approved by the Secretary of the Interior."

CERTIFICATE

The foregoing resolution was on April 27, 1945, duly adopted by a vote of 7 for and none opposed, by the Council of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, pursuant to authority vested in it by Article 5 (e) of the corporate charter of the Tribes, issued to the tribe on April 21, 1936, and ratified by the tribes on April 25, 1936, pursuant to Section 17 of the act of June 18, 1934 (48 Stat. 984). The foregoing resolution herewith submitted for appropriate action by the Congress of the United States.

Attest:

PHIL HAMEL,
Secretary.

S. C. DEMERS,
Chairman of the Council.

Approved April 28, 1945.

C. C. WRIGHT,
Superintendent.

BRETTON WOODS AGREEMENTS—AMENDMENTS

Mr. TAFT submitted three amendments and Mr. MILLIKIN submitted two amendments intended to be proposed by them, respectively, to the bill (H. R. 3314) to provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development, which were severally ordered to lie on the table and to be printed.

APPROVAL OF PROVISIONS OF SECTION 29.23 (M)-16 OF TREASURY REGULATIONS 111—AMENDMENTS

Mr. McCARRAN submitted amendments intended to be proposed by him to the concurrent resolution (H. Con. Res. 50) declaring Congress to have recognized and approved the provisions of section 29.23 (m)-16 of Treasury Regulations 111, and for other purposes, which were ordered to lie on the table and to be printed.

TAX ADJUSTMENT ACT OF 1945—AMENDMENT

Mr. MURDOCK. Mr. President, I ask unanimous consent to submit an amendment intended to be proposed by me to the bill (H. R. 3633) to facilitate reconversion, and for other purposes, and that it lie on the table, be printed, and printed in the RECORD.

There being no objection, the amendment was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. MURDOCK to the bill (H. R. 3633) to facilitate reconversion, and for other purposes, viz: That section 23 (m) of the Internal Revenue Code is amended by adding the following at the end of the first paragraph thereof:

"All expenditures for wages, fuel, repairs, hauling, supplies, and so forth, incident to and necessary for the drilling of wells and the preparation of wells for the production of oil or gas may, at the option of the taxpayer, be deducted from gross income as an expense or charged to capital account. In addition to the foregoing option, the cost of drilling nonproductive wells at the option of the taxpayer may be deducted from gross income for the year in which the taxpayer

completes such a well or be charged to capital account returnable through depletion as in the case of productive wells."

SEC. 2. (a) Taxable Years Beginning After December 31, 1944.—The amendment made by section 1 shall be applied to all taxable years beginning after December 31, 1944, but shall not be deemed to grant a new option to any taxpayer who has exercised an option in accordance with regulations in force prior to the enactment of this joint resolution.

(b) Taxable Years Beginning Prior in January 1, 1945.—If, in computing income and profits taxes for any taxable year beginning prior to January 1, 1945, the taxpayer deducted intangible drilling and development costs from gross income as an expense and such deduction was taken in accordance with an option granted under regulations then in force, such deduction shall be deemed to be allowable under the law applicable to such taxable year.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H. R. 3239. A bill to exempt certain mechanical pencils having precious metals as essential parts from the tax with respect to jewelry, etc.; to the Committee on Finance.

H. R. 3771. A bill to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; to the Committee on Banking and Currency.

AMERICANISM—ADDRESS BY SENATOR BAILEY

[Mr. HOEY asked and obtained leave to have printed in the RECORD an address on Americanism, delivered by Senator BAILEY on the occasion of the celebration of the three hundred and thirty-seventh anniversary of the birth of Virginia Dare, which appears in the Appendix.]

GOVERNMENT RESPONSIBILITY FOR FULL EMPLOYMENT—ADDRESS BY SENATOR O'MAHONEY

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address on the subject of Government responsibility for continuing full employment, delivered by Senator O'MAHONEY on the Town Hall Meeting program in New York City on July 12, 1945, which appears in the Appendix.]

THE PUBLIC'S BILL OF RIGHTS—STATEMENT BY SENATOR BURTON

[Mr. BURTON asked and obtained leave to have printed in the RECORD a statement entitled "The Public's Bill of Rights," made by him, and published in the Cleveland News for July 14, 1945, which appears in the Appendix.]

SPEECHES DELIVERED AT THE CLOSING PLENARY SESSION OF THE SAN FRANCISCO CONFERENCE

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD excerpts from and also the complete speeches delivered by 10 delegates at the closing plenary session, the United Nations Conference on International Organization, at San Francisco, Calif., on June 26, 1945, which appears in the Appendix.]

PROPOSED MISSOURI VALLEY AUTHORITY—ADDRESS BY WALLACE E. PEARSON

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a radio address on the subject of the Missouri Valley Authority bill, delivered by Mr. Wallace E. Pearson, president of the First National Bank of Lovell, Wyo., which appears in the Appendix.]

TRIBUTE TO GEN. OMAR N. BRADLEY—EDITORIAL FROM THE WASHINGTON POST

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an editorial from the Washington Post in tribute to Gen. Omar N. Bradley, which appears in the Appendix.]

A NEEDED DEFLATION—EDITORIAL FROM THE WALL STREET JOURNAL

[Mr. TAFT asked and obtained leave to have printed in the RECORD an editorial entitled "A Needed Deflation," from the Wall Street Journal of July 10, 1945, which appears in the Appendix.]

DON'T CALL ME A COMMUNIST ANY MORE—ARTICLE BY MARTIN CROWE

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an article entitled "Don't Call Me a Communist Any More," written by Martin Crowe and published in the Progressive for July 16, 1945, which appears in the Appendix.]

OUR NATIONAL BIRTHDAY—EDITORIAL FROM THE DULUTH FREE PRESS

[Mr. BALL asked and obtained leave to have printed in the RECORD an editorial entitled "Our National Birthday," from the Duluth Free Press of July 6, 1945, which appears in the Appendix.]

MARKETING OF FIRE-CURED AND DARK AIR-CURED TOBACCO—CONFERENCE REPORT

Mr. THOMAS of Oklahoma submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (S. J. Res. 98) relating to the marketing of fire-cured and dark air-cured tobacco under the Agricultural Adjustment Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

ELMER THOMAS,
THEO. G. BILEO,
TOM STEWART,
ARTHUR CAPPER,

Managers on the Part of the Senate.

JNO. W. FLANNAGAN, Jr.,
HAROLD D. COOLEY,
EARLE C. CLEMENTS,

Managers on the Part of the House.

The report was agreed to.

BRETTON WOODS AGREEMENTS—INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK

Mr. WAGNER. Mr. President, I desire to make my address without interruption or questions.

Mr. President, rarely in its history has this body faced a more momentous period than we are now entering. Within the next few days we must consider the San Francisco Charter and determine whether the United States will cooperate with the other United Nations in political and military matters.

To give greater effect to that solemn undertaking, it is fitting that we lay a firm foundation for peace, that we inform the world that we stand ready also to cooperate in international economic matters. That is the purpose of the bill before us.

It was my privilege to report from the Banking and Currency Committee H. R.

3314, a bill authorizing the President to accept membership for the United States in the International Monetary Fund and International Bank for Reconstruction and Development. The Banking and Currency Committee reported the bill favorably, with three minor amendments, by a vote of 14 to 4.

I shall presently discuss in detail the main features of the proposed fund and bank. But since the projected institutions can be fully understood only in the light of experience, it seems appropriate at the outset to recall some of the world-wide monetary and financial problems of the 1920's and 1930's. Against that background Senators will be better able to judge the adequacy of the fund and bank to help solve the international monetary and financial problems of the future.

After the last war, the opinion was generally held in all countries that the most direct avenue to financial rehabilitation lay in the reestablishment of the pre-1914 type of gold standard. With that object in view, all countries, each in its own way, took steps to return to gold. By 1929 nearly all had succeeded. Some returned to the gold standard at the prewar parity of their currencies, some at a reduced gold value, and others found it necessary to create new monetary systems from the ground up. In some cases there were special loans for stabilization purposes, and in others there was informal discussion among the heads of central banks. But in every case currency stabilization was regarded as a country's own exclusive business.

As a consequence of this method of dealing with problems which are by their very nature international, some currencies, stabilized with great difficulty, soon proved to be overvalued, while others were undervalued. In countries with overvalued currencies, exchange rates were under constant pressure. The effect was to increase the difficulty of maintaining exports and employment in these countries. In a vain effort to maintain the established value of these currencies, countries put pressure on their domestic wages and prices, inducing depression at home and reducing the demand for both domestic and imported goods. Business conditions in other countries were affected since weakness in a major currency is a source of danger to all currencies.

When the great depression came, the whole pattern of exchange rates became untenable. The raw material countries were among the first to abandon gold—Argentina, Australia, and Brazil being forced to do so in 1929. In 1931 Great Britain and the British Empire, nearly all of Europe, most of South America, and Japan were forced off gold. In 1933 the United States and the rest of Latin America followed. And finally, in 1935 and 1936, France and the other countries of the gold bloc were forced off gold. As one country after another cut loose from gold, it became apparent that instead of finding in this traditional standard a reassuring stability, the world had found in gold only a fragile rigidity that could not survive a period of great economic stress.

EXPORT-IMPORT BANK ACT OF 1945

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

FIRST SESSION

ON

H. R. 3771

AN ACT TO PROVIDE FOR INCREASING THE LENDING
AUTHORITY OF THE EXPORT-IMPORT BANK OF
WASHINGTON, AND FOR OTHER PURPOSES

JULY 17 AND 18, 1945

Printed for the use of the Committee on Banking and Currency



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EXPORT-IMPORT BANK ACT OF 1945

TUESDAY, JULY 17, 1945

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee having met at 10:30 a. m., pursuant to call, in room 301, Senate Office Building, Senator Robert F. Wagner (chairman) presiding, and considered S. 1270 and S. 1204, at the conclusion thereof, at 11:10 a. m., proceeded to consider H. R. 3771.

Present: Senators Wagner (chairman), Barkley, Radcliffe, Murdock, McFarland, Taylor, Fulbright, Mitchell, Tobey, Taft, Butler, Capper, Buck, Millikin, and Hickenlooper.

The CHAIRMAN. We now come to consideration of H. R. 3771, to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes. The bill will be made a part of the record.

(The bill under consideration, H. R. 3771, is as follows:)

[H. R. 3771, 79th Cong., 1st sess.]

AN ACT To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945".

SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

SEC. 3. (a) (a) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of \$12,000 per annum, unless he is an officer of the Bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests, of any corporation, partnership, or association in which he is directly or indirectly personally interested.

(b) A majority of the Board of Directors shall constitute a quorum.

(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

SEC. 4. The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time, to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5. (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to

the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank.

SEC. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof.

SEC. 9. The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

Passed the House of Representatives, July 13, 1945.

Attest:

SOUTH TRIMBLE, *Clerk.*

The CHAIRMAN. Mr. Crowley, we are glad to see you and, as always, will be glad to hear from you.

STATEMENT OF LEO T. CROWLEY, CHAIRMAN, BOARD OF TRUSTEES, EXPORT-IMPORT BANK OF WASHINGTON, WASHINGTON, D. C., ADMINISTRATOR, FOREIGN ECONOMIC ADMINISTRATION

Mr. CROWLEY. I thank you, Mr. Chairman.

I appreciate this opportunity to appear before your committee to recommend an increase in the lending authority of the Export-Import Bank.

The United States is approaching an extremely critical period with respect to the financing of its foreign trade. Furthermore, the

problem has the most profound implications for the reconversion of war industries at home. There has been during the war an enormous expansion in manufacturing capacities in the United States, and this expansion has been concentrated very largely in heavy industry. Unless foreign markets for the products of American heavy industry can be found during the period which lies immediately ahead, many war-expanded industries will be obliged severely to curtail their operations and, accordingly, to reduce their employment of labor.

Fortunately, potential foreign demands for our products in connection with the reconstruction of war-devastated countries and the economic development of countries whose progress has been retarded by the war will be concentrated principally on the products of heavy industry. Moreover, the United States will be practically the only immediate source of supply for many of the commodities involved.

What is required in order to join our need for foreign markets and the needs of foreign countries for our products is financing. We hope and believe that a large part of the necessary financing will be provided by private financial institutions. However, there are certain types of risks and certain large risks which private banks are not in a position to assume without Government assistance and other risks which they are not prepared to assume at all. This would apply particularly to the financing over a period of years of exports of capital equipment, which must be sold on terms which take account of the time required to put it into productive use. It would apply also to long-term loans to governments whose credit is for one reason or another not established to the satisfaction of private investors.

We believe that the necessary financing of our foreign trade during the crucial period of reconversion at home and reconstruction abroad should be provided, to the extent that private credit is not available, through an expanded Export-Import Bank. In performing this role, the Export-Import Bank will be carrying on a function which it has successfully performed over a period of more than 11 years. As private banks and bankers have frequently testified, its operations have supplemented rather than replaced private capital and in this way have not only facilitated the foreign trade of the United States but have also materially assisted in the financing of foreign trade through private channels.

There should be no confusion regarding the fundamental differences between the proposed increases in the lending authority of the Export-Import Bank and other measures relating to our foreign trade which have been approved by Congress or which are under consideration by Congress. The measures which I have in mind include the appropriation for UNRRA, lend-lease, and the pending Bretton Woods legislation.

The appropriation for UNRRA is strictly for relief and has no relation to the financing on a commercial basis of our foreign trade.

With respect to lend-lease, as I and other spokesmen for the Administration have repeatedly stated, lend-lease will be provided only in connection with the defense of the United States and the effective prosecution of the war to final victory. It will not be furnished for purposes of relief, rehabilitation, or reconstruction in Europe or elsewhere. Assistance to the liberated countries of Europe, which is one of the immediate problems facing us, must be provided in some other manner.

Senator BUCK. Might I interrupt right there for a question?

Mr. CROWLEY. Certainly.

Senator BUCK. Do I correctly understand that at the end of the Japanese war lend-lease will stop to all countries?

Mr. CROWLEY. That is correct. That is according to our testimony given before the House Appropriations Committee, and the Senate Appropriations Committee, and the Committee on Foreign Relations, when the act was extended.

Senator TAFT. Well, now, does that mean that you propose to cancel the French agreement the moment the Japanese war ends?

Mr. CROWLEY. I think what I testified before both the House and the Senate Committees was that you might have a very short period, say of 30 or 60 days, in which you might have to get your troops out, or things like that; but that for all practical purposes lend-lease will be discontinued after the Japanese war is over.

Senator TAFT. Is the Government making that statement in the full intent to carry it out?

Mr. CROWLEY. Certainly at the present time——

Senator TAFT. The French agreement expressly says that this stuff shall be delivered after the war, and that they shall pay for it on long-term credits. But there is a reservation which allows us to cancel the agreement, and you say the Government will cancel it; is that right?

Mr. CROWLEY. What we are doing now on French lend-lease is this: We are not making any commitments for any program that goes beyond or cannot be delivered prior to December 31.

Senator TAFT. You say you are not permitting the French to order anything which cannot be delivered by December 31, or prior to that date?

Mr. CROWLEY. That is correct.

Senator TAFT. That is, as to locomotives?

Mr. CROWLEY. There are some locomotives and trucks and things of that kind that will be delivered, and some boxcars, after December 31.

Senator TAFT. But practically that \$700,000,000 is not being ordered at all.

Mr. CROWLEY. There may be a short overlap. But there are no trucks meant for delivery into next February, March, April, or May.

Senator TAFT. And do the French agree to that?

Mr. CROWLEY. Yes.

Senator BUCK. That is as to France, but how about all this we hear in regard to Russia?

Mr. CROWLEY. Might I answer that off the record?

The CHAIRMAN. Off the record.

(Thereupon there was discussion off the record.)

The CHAIRMAN. There was a statement made yesterday on the floor of the Senate that we have committed ourselves to give a billion dollars to Russia. I stated that I had heard of no such commitment. Am I right about that?

Mr. CROWLEY. We have no application to the Export-Import Bank from Russia for a loan. I think that the committee should know that insofar as the management of the Export-Import Bank is concerned, we would finance export trade to Russia the same as to any other country. But there is no application for any loan as an official application, not yet, at least.

Senator TAFT. Mr. Chairman, I should like to talk to Mr. Crowley about that in executive session. I know that there is certain information going the rounds that is quite different.

Mr. CROWLEY. Certainly there is no policy on the part of the Export-Import Bank not to extend loans to Russia to help finance the export and import trade. Furthermore, when we canceled our lend-lease commitments to Russia we had in process of manufacture certain machinery, machine tools, and things like that, that we told the Russians they could acquire if they wanted to buy them and pay for them; otherwise we would have to cancel the contracts. We have canceled many of them, and some of them they have picked up. I would say that in working out the proportion of money authorized by this bill, it would be fair to assume, with the size requirements of Russia and the necessity of this country for exports, that from \$750,000,000 to \$1,000,000,000 would be a reasonable amount to expect that Russia would get out of this authorization.

Now, this is off the record, please.

Senator BARKLEY. I would suggest that this is an open hearing and I do not see how it can be off the record.

Mr. CROWLEY. Very well.

Senator TAFT. I should be glad to have the opportunity to discuss the matter I have in mind with Mr. Crowley in executive session.

Mr. CROWLEY. What I think on the Export-Import Bank situation is this: that the next 12 months will give this Government a chance to study its foreign loans and that we may then determine how far we may want to go in appropriating more money for foreign credits. This is the amount of money that we feel can reasonably be used during the next 12 months in meeting requirements that we feel are necessary in order to handle our export trade, plus some loans to those governments that will enable them to rebuild their economies.

Now, if Russia gets a billion dollars, after that you have \$1,800,000,000 left for countries like Belgium, Holland, Denmark, and Norway, as well as other countries. My experience with Belgium, The Netherlands, and Denmark, for example, is that they are taking hold, are rehabilitating themselves, and that it is to our advantage to assist them economically in getting back on their feet.

Senator TAFT. Mr. Crowley, what about the British? Is there anything in here contemplated for the British?

Mr. CROWLEY. There is no specific contemplation of a loan for the British, Senator, and I do not see how, in \$2,800,000,000, there could be enough money available here to take care of any large amount of aid to Britain from that source, because when you realize the number of countries that are going to call upon us for export help, and assuming that France may want a substantial amount of help, there is not very much left for Great Britain.

Senator TAFT. Well, then, I understood you to say that that leaves a billion eight for the other countries in Europe, I suppose including other countries outside those you mentioned, perhaps; but, as I understand it, none of it is intended to go, for instance, to South America.

Mr. CROWLEY. Oh, yes.

Senator TAFT. The \$700,000,000 you have already got is enough for South America, is it, or—

Mr. CROWLEY. Well, we have made some loans; we always have some loans that are being made to South America, and a hundred

or two hundred million dollars set aside, Senator, would undoubtedly take care of most of the demand in South America during the next year.

Senator TAFT. I see.

Mr. CROWLEY. Furthermore, you make your commitments a long time ahead, and before you are called upon there are other payments that might come in to help relieve that situation.

Senator TAFT. Well, supposing that a man wanted to export textile machinery to England, would that be the occasion of help from this fund?

Mr. CROWLEY. Yes; it certainly would not be foreclosed. But what I meant was, if you are going to talk about——

Senator TAFT. As far as direct loans to governments are concerned——

Mr. CROWLEY. If you are going to talk about a billion dollars to England or a billion dollars to Russia, then it is fair to expect that two billion eight would not take care of our other requirements, but I think there is sufficient money in here to take care of a sizable amount of the demand that we will get from Russia, and we will be able to take care of a reasonable request of a few hundred million dollars for textile machinery and things like that for Britain and other countries, if we get it.

Senator TAFT. They have to have the best modern American textile machinery to compete with our textile mills under the new tariff law. I think it is important they get it.

Senator BARKLEY. That is *res adjudicata*.

Mr. CROWLEY. What this bill does is to set up the same advisory board as we have on the Bretton Woods bill. It provides for an increase from the seven hundred million to three and one-half billion. It provides for a billion dollars capital stock to be paid for by the Treasury instead of the RFC. It sets up a board of directors consisting of five members: the FEA Administrator, the Secretary of State, and three full-time members. Not more than three can be of any one political party, and the full-time members are appointed and confirmed by the Senate of the United States for a period of 5 years.

Senator MURDOCK. Mr. Chairman, may I ask a question there?

The CHAIRMAN. Certainly.

Senator MURDOCK. It seems to me that Bretton Woods on this—on the Export-Import Bank that the Secretary of the Treasury certainly should be part of the management. I am just wondering how it is, Mr. Crowley, if you know, that he is not included, or is there any objection to the inclusion of the Secretary of the Treasury as a part of the management of the bank?

Mr. CROWLEY. No; there is no objection on the part of the management of the bank about the Secretary of the Treasury. We would be very happy to have him on the Board, and he undoubtedly would be a very useful person on the Board. The House Banking and Currency Committee discussed a full-time board of directors, and this was a compromise that was arrived at by the committee and also by the Republican members and the Democratic members of the House.

The CHAIRMAN. Well, I was going to ask that same question. I didn't understand why the Secretary of the Treasury shouldn't be in this management of the Export-Import Bank. I notice you have the

Foreign Economic Administrator serve as chairman; that's all right; the Secretary of State, and three persons appointed by the President.

Mr. CROWLEY. Well, those are full——

The CHAIRMAN. I think the Secretary of the Treasury certainly should be a member of it.

Mr. CROWLEY. We would have no objection to that, Senator.

I would like to say this to you. We would like to get this bill passed before your committee goes home, before your Senate adjourns or recesses, and it may be very difficult to get a conference; and if the committee doesn't make any other changes in the bill, we would hate to have our bill held up until October on account of the board of directors. We have no objection and would be glad to have him. We would be glad to try and work out something with the committee, but we are interested in getting this bill passed immediately because we are entirely out of funds, and we would hate to get tied up until the Senate comes back, by throwing it in a conference, Senator.

The CHAIRMAN. You don't think that would hold you up?

Senator BARKLEY. It may be one that applies to anything the House has passed and that we are now going to pass on. They are recessing. In fact, they haven't got a quorum in town now, and if this bill is amended and they can't get it by unanimous consent, if they can't by unanimous consent vote on the amendment, then it would go over until October.

Mr. CROWLEY. That is right.

The CHAIRMAN. Yes.

Mr. CROWLEY. And that would be very serious from the standpoint of the Export-Import Bank.

Senator BUCK. Mr. Chairman, may I ask a question of Mr. Crowley?

The CHAIRMAN. Certainly.

Mr. CROWLEY. Yes, Senator?

Senator BUCK. What is the real risk, in your opinion, in these loans when they are made, supposing you make them?

Mr. CROWLEY. Well, of course, Senator, any loan you make has a risk in it.

Senator BUCK. I know that.

Mr. CROWLEY. The history up to date of the bank has been very satisfactory. Now, I do not think the bank can make these new loans with the same degree of security, Senator, as they made them in the past. I think you have got to have more flexibility than you had in the old operation of the bank. Provided that the economic situation of the world should stabilize itself, I would say there would be a fair chance that these loans would be repaid. Certainly they should be made, Senator, on the basis, by the management, that they are going to be repaid. They should be set up as soundly and as carefully as they possibly can; but I wouldn't want to say that in loaning that much money there would not be losses. But certainly they should be set up on as sound a financial basis as they possibly can be.

Senator BUCK. You may not care to answer or give an opinion on this, but I would like to ask the question: which, in your opinion, is to the best interest of this country and to the welfare of the world as a whole, to approve this loan authority for the increased loan of the Export-Import Bank, or the Bretton Woods proposal?

Mr. CROWLEY. Well, that is a hard question, but let me say that I think the Export-Import Bank performs an entirely different function to some degree than Bretton Woods does. Now, I think from the standpoint of our industry in this country that it is necessary that you have the Export-Import Bank to handle exclusively our own foreign trade. Many of the other countries have some vehicle similar to the Export-Import Bank to handle theirs, and when you get into the stabilization of currency and the world-wide problem such as are involved in the Bretton Woods proposals, you are getting outside of the scope of the Bank's operations. This bill, H. R. 3771, is to finance and to assist these countries in buying things largely from the United States.

Senator BUCK. Well, as has been suggested by Senator Taft and others yesterday on the floor, can you stabilize currencies until you follow some such procedure as this and loan these countries this money, and they get their economic conditions straightened out?

Mr. CROWLEY. Well, Senator, there are certain countries that you can't make loans to, like we want to make, and expect repayment until their currency and their economy have been stabilized to some degree. Let us take, for instance, countries like Poland and Italy and countries of that type. Now, certainly the management of the Export-Import Bank could not make a loan to Italy now and assume that Italy was going to be able to repay it in full. Now, there has got to be some intermediate thing if you are ever going to put Italy back in a sound enough financial position that they could borrow money from the Export-Import Bank on the basis of full repayment.

Senator TAFT. Take Poland. Italy isn't in the fund.

Mr. CROWLEY. I think the same thing goes for Poland, Senator.

Senator TAFT. What do you mean? How can you possibly—or what difference does it make, whether you establish the fund, as to whether you loan Poland or don't loan Poland? Poland can get about \$10,000,000 out of the fund, I suppose, and put their currency in. How is that going to stabilize their currency in Poland?

Mr. CROWLEY. It is our hope on the Polish situation that we will be able to find some way of giving some—loaning some money for machinery and equipment to Poland. We will have to kind of feel our way along there. We can't go along and extend them several hundred million dollars of credit at once; it will have to be something that will have to be done slowly and developed as you go along.

Senator BARKLEY. As a matter of fact, these loans are all made in dollars, and they are repaid in dollars.

Mr. CROWLEY. That is right, sir.

Senator BARKLEY. You do not accept repayments in the currency of the country?

Mr. CROWLEY. No.

Senator BARKLEY. But in order to enable the country to obtain the dollars with which to repay this country, there must be a stabilization of the currency with which they would buy the dollars in order to repay, and so that that is entirely a different operation——

Mr. CROWLEY. That is right.

Senator BARKLEY. From the actual making of the loan.

Mr. CROWLEY. That is correct.

Another thing that I wanted further to bring out, Senator, was that you have in a country like Italy an economic situation and a

need for giving those people some immediate relief, if this country decides that this is its policy, because they are poor, they are starving, they are underfed, they have no employment. If we make them a large loan from the Export-Import Bank and load them up with a debt, I doubt they ever could fully pay it back unless some stimulus is given to them prior to plunging them into debt with the expectation that they can pay it back in full.

Senator TAFT. Doesn't each country really have to reorganize its own economy? Isn't that the fact? I mean they cannot go into—they have got to have some assistance.

Mr. CROWLEY. That's right.

Senator TAFT. They have got to have a loan to buy all this machinery to start them going.

Mr. CROWLEY. That is right.

Senator TAFT. But they have got to do the job themselves in each case, don't they?

Mr. CROWLEY. I feel very definitely, Senator, that we must be very, very careful, that the responsibility for correcting the unfortunate circumstances that these countries find themselves in must be assumed by their citizens, and that we cannot let them shift to us the whole responsibility for relieving their misfortune. We can help them economically, as we are trying to do, but the leadership must be their leadership and not ours.

Senator TAFT. That is what I would think.

Senator BUCK. Mr. Crowley——

Senator TAFT. Well, I interrupted you. Go ahead.

Senator BUCK. No, no.

Senator TAFT. No, no; you started; go ahead.

Senator BUCK. I just want to ask, Mr. Crowley, what period of time it is contemplated that these loans might be made for.

Mr. CROWLEY. I think they would vary from 15 to 20, and maybe in a long-term loan, 30 years, and some might be as short as 10 years. They would be amortized over a period of years. You might let, Senator, the first 3 to 5 years go without amortization, and then after that there would be gradual repayment.

Senator TAFT. You spoke of the \$2,800,000,000 lasting about 12 months. Do you then expect to come back and ask for some additional loaning power for the second 12 months?

Mr. CROWLEY. Well, I think that whether you ask for additional lending authority would be problematical. I think that the bank should make reports semiannually to the Congress, and before June 30 next year this committee ought to review the operation of the bank and determine then what is going to be its future policy.

Senator TAFT. But you think the \$2,800,000,000 is necessary for the next 12 months?

Mr. CROWLEY. Yes; I think it is very necessary. With the problem that faces us, Senator, I do not see how we could get along with a lesser amount. I think the amount we are asking for is a very conservative amount.

Senator TAFT. Well, now, if we set up the International Bank, why do we need private lending, or why do we need an American lending institution? Isn't the International Bank for exactly the same purpose?

Mr. CROWLEY. No, I don't think so; and I think, Senator, from the standpoint of our own commerce and our own foreign trade that we need the Export-Import Bank to finance our own trade. Assuming that you never made a loan directly to a sister government at all, but only used the bank to help our own foreign trade, I think it is clear that both the Export-Import and the International Bank would be needed.

Senator TAFT. Well, I don't agree at all that export trade stimulated by Government loans is a sound policy. I don't think that is the way to do it. I think it is bound to result in collapse. If that is the only reason, I would say that we ought not to lend a cent for the purpose of building up an industrial activity in this country based on lending. It is just plain Government inflation of spending, Government money to inflate spending.

Mr. CROWLEY. You understand, Senator, that in many of the loans that we make to South America we make for the purchase in the United States of specific items, such as a generator or railroad equipment, and the income is always determined and we get some of the money back from the income that is derived from the transaction.

Senator TAFT. That is right, which is a commercial operation, and it is perfectly proper.

Mr. CROWLEY. That is right.

Senator TAFT. But you are proposing 15-, 20-, and 25-year loans to governments, which is an entirely different proposition from ordinary commercial operations such as you have engaged in.

Mr. CROWLEY. There are some loans that you would have to make to governments for their public works and projects of that nature, Senator. I mean it couldn't be restricted just to commercial loans because——

Senator TAFT. Well, but you are suggesting that most of this is going to governments, as I understood it.

Mr. CROWLEY. No. No, we don't. Let me——

Senator TAFT. I don't object to that in this intermittent period to get these people going, but I do object to the theory——

Mr. CROWLEY. Let me say again now——

Senator TAFT. That it is necessary to stimulate our industry. I think that is just plain inflation.

Mr. CROWLEY. On Russia, whatever we would do we would have to do through the Government, wouldn't we?

Senator TAFT. Surely.

Mr. CROWLEY. Now, when we have dealt in South America, we have tried to deal with the commercial interests of that country with a guaranty from a South American bank. Now, when you are talking about textile machinery for Britain, you could also do that through your commercial channels. You wouldn't have to do that through the Government. But nevertheless, whatever you put in there through commercial channels would be added to whatever might be loaned to that country directly. That is what I meant. But, by the very size of the increase in lending authority we are asking for, Senator, there is not any large amount of money that could be loaned to any individual country, because we would not have it available.

Senator TAFT. Well, what is the reason? I don't understand. Either, it seems to me, we ought to proceed on the international loan

basis of the International Bank or we ought to proceed on our own business of loaning to governments, one or the other, but why both? Why can't anything that you can do be done by the International Bank in the way of loans to governments?

Mr. CROWLEY. Well, it will be a year or a year and a half before Bretton Woods proposals will be in operation.

Senator TAFT. Oh, now that is an answer. I mean that is what I wanted to find out, if that is true, because then there is no need of passing Bretton Woods for the present.

Senator BARKLEY. No; it is not only the Bretton Woods; it is the International Bank, and no matter when you pass that it will take the same length of time to get it organized.

Mr. CROWLEY. That is right.

Senator BARKLEY. And ready for business.

Mr. CROWLEY. That is right. If you put it off for 6 months——

Senator BARKLEY. If you put it off for a year, it will still take the same length of time——

Mr. CROWLEY. That is right.

Senator BARKLEY. To get it into operation. So the periods to be covered are not the same here.

Senator TAFT. At the end of the year do you think the International Bank will be able to take over all this lending? What is the use of having a \$10,000,000,000 International Bank if we are going to have to go on lending at the rate of two or three billion a year ourselves?

Mr. CROWLEY. Well, I don't know, Senator, that I would want to go on record as saying that we would go on lending two or three billion dollars a year through the Export-Import Bank indefinitely. I think that when we come back here a year from now you ought to review the operations of the Export-Import Bank and determine whether you want to extend the operations and further increase its lending authority for another year. But the time is going to come when it will not be necessary to continue increasing the lending authority of the bank.

Senator TAFT. Well, what is the advantage? If loans are to be made to foreign countries, made in dollars, and we put \$3,125,000,000 into the International Bank, and they can float 6 billion more on our market in dollars, their guaranty, do you think that is a better method, or do you think we can accomplish more by direct loans from the Export-Import Bank?

Mr. CROWLEY. I am not an expert on the International Bank, Senator. The thing that I would like to do is say this of the Export-Import Bank: Let's take the case of Russia. We want to sell Russia certain machinery and equipment that can be delivered to them the next year or year and a half. We have no other vehicle now of doing that except by making a loan to Russia to pay us for that purchase of merchandise, because, even though you passed the International Bank tomorrow, it would not be available to do this for another year or year and a half. Now, insofar as I am personally concerned, even when the International Bank is set up, I believe it is to the advantage of industry in this country to keep the Export-Import Bank in operation to assist them in financing their export business. Now, maybe when your International Bank gets in operation you may decide to restrict the operation of the Export-Import Bank as far as loans to other governments are concerned,

but I do not think you can do that until we have had some experience in the operation of both instrumentalities.

Senator TAFT. Well, I agree, the Export-Import Bank has always seemed to me to have a very useful function in assisting individual American exporters in getting terms where commercial terms in a country require 5-year credit, to arrange they get it where an ordinary bank won't give it to them. I agree, I think it has a function in ordinary commercial business, but now you are proposing a brand-new plan, really, of stepping out, increasing this by five times, and——

Mr. CROWLEY. You are stepping——

Senator TAFT. Using the two billion eight largely in loans to governments; and if that is to be, I don't see why you are not doing exactly the thing that the International Bank is supposed to do, if that is so, and duplicating the amount of money that we are throwing out in the way of loans.

Mr. CROWLEY. Senator, there are two reasons why I think the Export-Import Bank has to make some loans to governments now even after the International Bank is set up it is decided no longer to permit it to do so. Although, I think such a prohibition at that time would be unwise since world needs will exceed the funds of both the Export-Import Bank and the International Bank. There will be a hiatus of a long period of time until the International Bank commences operating. Secondly, you do want to expand our export trade. Now, if during the next year or year and a half, while the International Bank is not functioning, we do sell to Russia and other countries certain equipment and certain things that will help them to expand and rehabilitate their economy, and if we thus get a thousand generators or a thousand pieces of textile machinery in different plants around this world, then over a period of years repair business and other related new business are going to flow to us. There is a great advantage to us in getting our machinery into some of these countries of the world and doing it while they are in the process of rehabilitation.

Senator TAFT. Isn't it perhaps more advantageous to make these loans directly, because we can impose certain conditions on the policies of the country?

Mr. CROWLEY. Well, personally I don't believe that any Government official, Senator, should have the right to loan money and perhaps use that money for what you might term diplomatic or political pressure.

Senator TAFT. Well, you would, however, require that it be used only for a particular plant——

Mr. CROWLEY. We plan——

Senator TAFT. And that that plant be built in a certain way?

Mr. CROWLEY. We do that now.

Senator TAFT. You would require that it be bought from this country, would you not?

Mr. CROWLEY. We do that now.

Senator TAFT. You require——

Mr. CROWLEY. Oh, yes.

Senator TAFT. That perhaps that money be spent in this country?

Mr. CROWLEY. Insofar as we possibly can. It is to finance, Senator, equipment and materials that they buy just in our own country.

Senator TAFT. Whereas the International Bank expressly provides that we cannot require that dollars loaned by the bank be spent in this country even though the dollars are raised in this country; isn't that correct?

Mr. CROWLEY. There is a great advantage to us having something of our own. That is what you have all done.

Senator TAFT. In other words, this is a better bargaining method than any international bank; isn't that right?

Mr. CROWLEY. I don't want to get into that. I am only testifying for the Export-Import Bank. [Laughter.]

Senator TAFT. That is what I understood you to say.

The CHAIRMAN. Well, there is going to be a great deal more discussion of this.

Senator MURDOCK. Isn't that the real distinction, Mr. Crowley, that your Export-Import Bank is ours, we manage it exclusively, as distinguished from the International Bank, which of course is for the welfare of all the world?

Mr. CROWLEY. I think it is obvious——

Senator MURDOCK. It seems to me that that is the biggest distinction between the two.

Senator HICKENLOOPER. In other words, this is a bank managed by the owners, and the other one is a bank managed by the creditors.

Senator TAFT. You don't think that in this negotiation in Berlin Mr. Truman ought to say, "Well, now, as part of this general thing, besides other things that are agreed on, if we all agree, why, a billion dollar loan could be made"? You don't think that ought to be done by the President?

Mr. CROWLEY. I don't think Mr. Truman would do that.

Senator TAFT. You don't?

Mr. CROWLEY. No.

Senator TAFT. Well, I do, frankly, and I think he ought to.

Mr. CROWLEY. I think that Mr. Truman will——

Senator TAFT. And I think he will, as far as that is concerned.

Senator HICKENLOOPER. Mr. Chairman, I notice just one thing. Do you want to adjourn at this time?

The CHAIRMAN. There is considerable discussion here. I thought we would adjourn until 10 o'clock tomorrow morning.

Senator HICKENLOOPER. May I ask just one question before you adjourn?

The CHAIRMAN. Yes, certainly.

Senator HICKENLOOPER. Mr. Crowley, in fact this phrase has been raised before in Bretton Woods argument. In paragraph 6 on page 8, twice the term "public-debt transaction" is used. Now, Senator Taft raised that the other day in connection with this other bill, but I notice it is used twice here. In other words, it says:

the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act—and then at the end of that paragraph it says:

Payment under this section of the purchase price of such obligations of the bank and repayments thereof by the bank shall be treated as public-debt transactions
* * *

Now, what is your interpretation of that term "public-debt transaction"?

Mr. CROWLEY. I refer you to my lawyer. [Laughter.]

Mr. AREY. At present the bank is getting its money through the Reconstruction Finance Corporation. This bill provides that the bank shall obtain its funds directly from the Treasury. That is the same language of the act by which the Reconstruction Finance Corporation gets its funds through the Treasury. Now, why the words "public-debt transaction" are repeated in the same section I am unable to say.

Senator TAFT. You cannot get it by that method as far as capital stock is concerned; only so far as their notes are concerned, which can be readily marketed by the Treasury; and whereas this provides that the capital may be used as a public-debt transaction.

Mr. AREY. But all of the bank's funds come through the RFC's borrowings. That is what I meant to say, Senator.

Senator TAFT. I understand.

Mr. AREY. Now, that is the same language, and it is the language that has been used and the language that has been accepted in Treasury's accounting system. Other than that I am unable to explain just why the particular language is used. We didn't want to depart from it.

Senator TAFT. It seems to me it violates the Constitution unless you regard it as an appropriation.

The CHAIRMAN. You have said that before.

Senator TAFT. I have said that before, of course. The Constitution says no money shall be paid out of the Treasury except under appropriations made by law, and if they are going out and buy permanent investments in stock, I do not see why that does not require an appropriation.

Senator RADCLIFFE. Mr. Crowley, there has been considerable discussion as to the roles to be played, respectively, by the Export-Import Bank and by the International Fund and Bank, when and if organized. Now, do I understand you to say that the increase of the Export-Import Bank, to your mind, is not an argument against the creation of the International Fund and Bank, and on the contrary it is probably an argument in favor of it?

Mr. CROWLEY. Yes; I think that is correct, Senator.

The CHAIRMAN. Very well. You gentlemen will all be here tomorrow at 10 o'clock.

Mr. ACHESON. 10 o'clock; yes, Senator.

(Whereupon, at 11:55 a. m., an adjournment was taken until tomorrow, Wednesday, July 18, at 10 a. m.)

EXPORT-IMPORT BANK ACT OF 1945

WEDNESDAY, JULY 18, 1945

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10 a. m., pursuant to recess on yesterday, in room 301 Senate Office Building, Senator Robert F. Wagner, chairman, presiding.

Present: Senators Wagner (chairman), Barkley, Radeliffe, Murdock, McFarland, Fulbright, Taft, Butler, Buck, and Millikin.

The CHAIRMAN. The committee will come to order.

STATEMENT OF LEO CROWLEY, CHAIRMAN, BOARD OF TRUSTEES, EXPORT-IMPORT BANK OF WASHINGTON, WASHINGTON, D. C., ADMINISTRATOR, FOREIGN ECONOMIC ADMINISTRATION— Resumed

The CHAIRMAN. Mr. Crowley, you were talking when we interrupted you.

Senator BARKLEY. Did Mr. Crowley ever get to finish his statement yesterday?

The CHAIRMAN. No, he did not.

Senator BARKLEY. I suggest he be permitted to finish it, and then we ask him some questions.

The CHAIRMAN. Yes.

Mr. CROWLEY. I think in substance, Senator, that I have finished the statement. If the committee would let me, I will put the rest of it in the record. It only deals with the capital structure, and I think the members of the committee all understand that from our discussion yesterday. So if there is no objection, I would just as soon go ahead and answer any questions, except that I should like to point out one thing. The bill provides for the repeal of the provisions of the Export-Import Bank statute prohibiting loans to countries in default on April 13, 1934, and exempts from the prohibition of the Johnson Act private participation or the participation of commercial banks with us in these loans. That in substance finishes my statement.

The CHAIRMAN. Very well.

Mr. CROWLEY. The balance of the statement that I wish to put in the record is as follows:

With respect to lend-lease, as I and other spokesmen for the Administration have repeatedly stated, lend-lease will be provided only in connection with the defense of the United States and the effective prosecution of the war to final victory. It will not be furnished for purposes of relief, rehabilitation, or reconstruction in Europe or else-

where. Assistance to the liberated countries of Europe, which is one of the immediate problems facing us, must be provided in some other manner.

In accordance with this recognized principle, the appropriation authorized by Congress for lend-lease for 1946 was based explicitly on the assumption that Congress would increase the lending authority of the Export-Import Bank in order that it could finance portions of the so-called 3 (c) agreements for the delivery to certain European countries of industrial equipment and supplies which are not required for the prosecution of the war.

In rendering such assistance to the war-devastated countries, we would proceed on the assumption that these countries must accept the prime responsibility for their rehabilitation and must depend primarily upon their own resources in the process. Nevertheless there is not only an inescapable obligation on the United States to help the liberated countries help themselves but also a strong element of self-interest; for, by financing their purchases of our products on a sound basis, we are greatly benefiting our own economy.

The International Bank for Reconstruction and Development is intended, it is true, to be a major source of large-scale and long-term credit for the rehabilitation of the war-torn countries and the building up of economically underdeveloped countries. Our participation in the International Bank has now been approved by the House and by this committee and will be approved shortly, I trust, by the Senate. At best, however, the International Bank cannot be in effective operation for a year or 18 months. A strengthened Export-Import Bank is therefore urgently needed during the period just ahead to provide the necessary financing of our exports in connection with reconstruction and development projects abroad. There will be no other governmental source of dollar credits for this purpose.

In the longer run, the coordination of the operations of the Export-Import Bank with the policies of the representatives of the United States on the International Bank and fund will be achieved through the National Advisory Council provided for in the Bretton Woods Agreements Act. The Chairman of the Board of the Export-Import Bank, as a member of the Council, will keep it fully informed of the bank's activities and will be guided in turn by its policy decisions applicable to the bank's operations.

The bill which you have before you has five essential features on which I should like briefly to comment. In the first place, it raises the limit on outstanding loans and guaranties of the bank from \$700,000,000 to \$3,500,000,000. It is believed that this proposed increase of \$2,800,000,000 in the lending authority of the Export-Import Bank may suffice to meet the essential need for sound financing of exports during the present fiscal year. By the close of the year, it should be possible more accurately to determine the character and scope of the demands for the assistance of the bank.

The second major feature of the bill has to do with management. At present, the bank is controlled by a board of 11 trustees selected annually by the stockholders subject to the approval of the President of the United States. This Board is interdepartmental in character and has on it representatives of the Departments of State, Treasury, Commerce, and Agriculture; the Reconstruction Finance Corporation; the Foreign Economic Administration; and the Export-Import Bank

itself. The right to vote all of the stock of the bank, both common and preferred, is vested in the Foreign Economic Administrator. Loans are made only after formal authorization by the board of trustees or the executive committee of the Board.

The present bill provides that the management of the bank shall be vested in a board of directors consisting of the Foreign Economic Administrator as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. Not more than three members of the Board shall be members of any one political party. We believe that efficient and responsible management of the bank requires the services of several full-time directors who shall have been confirmed by the Senate.

The bill also provides for an advisory board with the same composition as the National Advisory Council provided in the Bretton Woods legislation, except that the chairman of the board of directors of the Export-Import Bank would act as Chairman.

The bill before you provides further that the bank shall be an independent agency of government and that neither the bank nor any of its functions can be transferred to any other agency of the Government except by act of Congress. In this connection it will be recalled that the bank operated as an independent agency from 1934 until July 1939, when it was made a part of the Federal Loan Agency under reorganization plan No. 1. In 1942 the bank was placed by Executive order under the office of the Secretary of Commerce. In 1943 it was transferred by Executive order to the Office of Economic Warfare. When the Office of Economic Warfare was consolidated into the Foreign Economic Administration later in the same year, the bank was also transferred to the Foreign Economic Administration. Despite these numerous changes, the bank has continued to be administered by its President as a separate corporate entity, subject to the direction of the Foreign Economic Administrator and the board of trustees of the bank under the chairmanship of the Administrator.

With respect to the capital structure of the bank, it is proposed that the bank be provided with capital of \$1,000,000,000 and that it be authorized to obtain additional funds directly from the Treasury up to two and one-half times the amount of its capital stock. This change is recommended on the score of simplicity and corresponds closely to the methods by which other Government corporations obtain their funds.

Finally, the bill removes the prohibition on loans by the bank to any government in default upon the payment of its obligations to the Government of the United States on April 13, 1934, and also removes, insofar as participations with the Export-Import Bank are concerned, the prohibition of the Johnson Act on loans by private persons to such governments.

I strongly urge the committee to give its approval to H. R. 3771 in order that the Export-Import Bank may proceed without delay to meeting the heavy demands that are being and will be made upon it for assistance in the financing of foreign trade.

Senator TAFT. Mr. Crowley, I understood yesterday that in effect this large increase in the loaning capacity of the Export-Import Bank is to carry on or fill up the gap, you might say, left by the stopping

of lend-lease, which can only be used for war purposes. I wanted to ask you something about the lend-lease situation today. My recollection is that there was a program of four billion dollars odd.

Mr. CROWLEY. \$4,375,000,000.

Senator TAFT. This year, beginning the 1st of July.

Mr. CROWLEY. That is correct, sir.

Senator TAFT. Is that still the program for all lend-lease; or is that in addition to direct war stuff?

Mr. CROWLEY. Well, that is the lend-lease program for the current fiscal year, not including munitions and aid of that character that may be transferred by the military.

Senator TAFT. I see. Is there any estimate of what they may amount to? That depends, I suppose, on the war.

Mr. OSCAR COX. It depends on the course of the war. There is no firm estimate on it.

Senator TAFT. I see.

Mr. COX. Of course, moneys are allocated in line with the strategic decisions on the Pacific part of the war, and any estimate wouldn't be very meaningful because the war situation changes so rapidly.

Senator TAFT. Well, now, that appropriation in that 4 billion was made or an adequate appropriation was made so that money would be available on the things outside of direct war plot. Now, is that program subject to curtailment if this Export-Import Bank bill goes through, or is this to be in addition to that?

Mr. CROWLEY. We have with Belgium and Holland and France, Senator, lend-lease agreements, and we have under the 3 (e) agreements with these countries an understanding, as I explained to you yesterday, as to certain items that may be in the process of procurement, after they are no longer useful in the redeployment of our troops, that then they pick those items up from us and pay us for them. Then the Export-Import Bank will give consideration to financing such additional procurement as those countries may require and are unable to purchase without obtaining credit. It is my thought that as our military get their redeployment program along, we should be screening gradually and continually what we give to these countries on lend-lease and we should only give them such items as we feel have a connection with the redeployment of the troops.

Senator TAFT. Now, you say "giving them," but what about 3 (e) business? Does that mean you are not going to use the 3 (c) either?

Mr. CROWLEY. That is correct, sir, not after this year. We are, generally speaking, insofar as France, Holland, and Belgium are concerned, making no contracts providing for delivery beyond December 31 1945. After that whatever aid these countries want from us should come through the Export-Import Bank. Lend-lease should be discontinued entirely around the end of this year with the exception of those countries that are directly assisting in the Japanese war.

Senator TAFT. Well, are you able now to make any estimate of how much that policy might reduce the four-billion-odd that was appropriated?

Mr. CROWLEY. That policy was all taken into consideration, Senator, when we asked for the \$4,375,000,000; and if the war were to last 12 months, during the full fiscal——

Senator TAFT. You mean the Japanese war?

Mr. CROWLEY. The Japanese war. If that lasts 12 months, we explained to the committee that in order to carry out our commitments we might have to come back for some additional funds. So we cut back our requests for appropriations, taking into consideration that Belgium, Holland, and France would be off of lend-lease around December 31.

Senator TAFT. Now, Mr. Crowley, unless the war ends immediately or within the next few months, there is not much chance that this figure will be reduced any, this \$4,000,000,000 figure?

Mr. CROWLEY. No; I would say not, Senator.

Senator TAFT. But if it ended immediately, it might be reduced?

Mr. CROWLEY. Well, certainly a very large part of it would be saved if it ended immediately.

Senator TAFT. Yes.

Mr. CROWLEY. Or in the next 6 months, a large part of it would be saved.

Senator TAFT. But if the war goes over 6 months, probably there won't be much saving, is that right, on that?

Mr. CROWLEY. Not a great deal of saving.

Senator TAFT. Mr. Crowley, you see, this is appropriated. Now, who decides from month to month what shall go and what shall not go? Is that entirely in your discretion, or is there a council with the State Department and the Army, or what is the method of allocating lend-lease?

Mr. CROWLEY. The FEA Administrator is responsible for the carrying out of the Lend-Lease Act.

Senator TAFT. Under the orders of the President?

Mr. CROWLEY. That is correct, sir. We do work in cooperation with the military in trying to determine what should go to these countries. However, many of the things that we send are of an indirect military nature, and that puts the responsibility directly on the FEA Administrator. However, you must keep this in mind: That on the question of food it all is allocated by the Combined Boards, and the War Food Administrator is a member of that Board. We put our requests in to the Combined Boards and the War Food Administration. They tell us what will be allocated to us, and then they procure—the War Food Administration does, for us—such food as finally is allocated to us. We do the processing and put in the requisition and the request for what we need, and they tell us whether the food is available or not. In the case of materials and machinery we go through the Combined Boards and the WPB, and they determine, insofar as our own economy at home is concerned, after serving the military and the domestic economy, as to what we may have for lend-lease. I might say——

Senator TAFT. In making up your preliminary requests for food, and so forth, that is entirely in your discretion?

Mr. CROWLEY. That is correct, sir. We have committees that handle that. Now, I think——

Senator TAFT. Committees in your——

Mr. CROWLEY. That is in the Foreign Economic Administration.

Senator TAFT. In the FEA?

Mr. CROWLEY. That is correct.

Now, I think that we ought to understand this. On the question of food the determination that we have made with the War Food Admin-

istration was this: That first our military would be served; secondly, that the minimum needs of our own civilian economy would be served; next, that our allies would be given such food as they needed for the prosecution of the war; and, fourth, what food that could be made available would be made available for other countries, including the liberated areas. Now, that means that liberated areas are coming below the other three categories, but we have no other choice than that, Senator, because we certainly must take care of our military; and if we are going to continue our production at home here, our war production, we must maintain our economy at home; and, thirdly, insofar as the war effort is concerned, we must give our allies a sufficient amount of food and materials to carry on their participation. So——

Senator TAFT. It has been suggested that as far as liberated areas are concerned, if you flooded them with enough wheat, take off the bread ration, that that would be our job and we would have done what could be done. There isn't any—is there any shortage of wheat or flour?

Mr. CROWLEY. Senator, we have a very long supply of wheat, and we have shipped a lot of wheat to liberated countries. As a matter of fact, we had so much wheat in some of the ports that there were not enough ships to handle it, and the mills abroad couldn't process it. We have plenty of wheat to give to liberated areas without in any way affecting our economy at home.

The problem on food is the question of fats and oils and sugar, and many people seem to have the idea that the sugar situation is purely a domestic matter. We had a conference with Britain and Canada to survey the whole world food supply, including sugar. We are importers of sugar and we had to work out an arrangement such as we did, because if we had every country going into the sugar markets and bidding against one another there could very easily develop wholesale speculation, and situations like that, that would seriously affect the market. And the same thing goes for fats and oils. There is a very serious situation on fats and oils, and we have tried to allocate those things to the liberated countries the best we possibly could, but we always must keep in mind that we must take care of our own military, and we must take care of, to a reasonable degree, our own economy at home. It would be quite an easy matter for me, being in the international field, to become a great advocate of the liberated areas and start great advertising and great pressure because we were not making available more materials and more supplies and more food; but as a matter of fact the food situation is very, very critical, and all we can do is to give these people whatever help we can after keeping some semblance of our own economy going.

Senator TAFT. Where does UNRRA come in in this category, in this order that you spoke of?

Mr. CROWLEY. UNRRA gets treated just the same as our liberated areas do. There is no distinction made in regard to it.

Senator TAFT. Can you tell us the present distribution of this \$4,000,000,000—this lend-lease outside of military——

Mr. CROWLEY. Approximately I think I can.

Senator TAFT. Between the different countries——

Mr. CROWLEY. Yes.

Senator TAFT. Per month, at the present moment, how fast is it going out?

Mr. CROWLEY. Well, could I give you that information after the hearing or in executive session?

Senator TAFT. Yes.

Mr. CROWLEY. I would be glad to do it.

Senator TAFT. I mean I am perfectly willing to have an executive session. I don't want to—I don't quite see, frankly, why the American people shouldn't know, though, exactly where we are sending stuff that isn't war stuff.

Mr. CROWLEY. What we did, Senator Wagner, on that, was to put it up to the Appropriations Committee, and they decided to keep it in executive session. I don't know any reason—do you, Dean—why they should not have it?

Mr. ACHESON. Well, I think it is a question between committees. One committee thought it was executive.

The CHAIRMAN. Well, maybe we better keep it in the committee.

Senator TAFT. Just as the committee feels; I don't care. Frankly, I don't quite see why everyone shouldn't know what we are giving to different countries throughout the world of material that is not military.

The CHAIRMAN. Well, I am sure our committee will do whatever you gentlemen think is needed to be done.

Mr. CROWLEY. Would you mind, after we get through, going into executive session?

The CHAIRMAN. All right we can do that.

Mr. CROWLEY. And then you can decide whether you want to make it public or not.

Senator TAFT. All right.

The CHAIRMAN. All right?

Senator TAFT. Fine.

The CHAIRMAN. Very well. Any other questions?

Senator BUCK. I would like to ask Mr. Crowley a question: As I understood you to say, that before the committee when you asked them for an appropriation of the lend-lease you cut it back for the year, for a full year, 12 months——

Mr. CROWLEY. Fiscal year; correct.

Senator BUCK. \$4,000,000,000. How much would it require for the whole year?

Mr. CROWLEY. That is for the full year, Senator. That is for the fiscal year—12 months.

Senator BUCK. The \$4,000,000,000 is?

Mr. CROWLEY. \$4,375,000,000.

Senator BUCK. Then if the war ends before a year, there will be quite a lot of that left?

Mr. CROWLEY. That is correct, sir.

Senator TAFT. No, no. It will all be used, according to Mr. Crowley, as I understood Mr. Crowley to testify, if the war lasts over 6 months. Certainly if it lasts 9 months it will all be used, because he has figured that the war won't end for 12 months, a year, in calculating this figure.

Mr. CROWLEY. That is right.

Senator BARKLEY. Well, what I understood you to say is that if the war ended in 6 months, that is, by the last of December, you would save quite a sum.

Mr. CROWLEY. That is correct, sir.

Senator BARKLEY. If it went over into the last half of the fiscal year, the saving of course would depend on how long it went over into that period.

Mr. CROWLEY. That is correct, sir.

Senator BARKLEY. But it would have to go to the full fiscal year if all of it were——

Senator TAFT. No. I understood Mr. Crowley to say he figured it originally on about a 9-month basis; is that right?

Mr. CROWLEY. I figured it on a 12-month basis, and the amount that you will save will depend entirely upon the number of months of the war. Now, when you get into a 12-month war, you likely would have to use most of your money, because you would have to make your contracts in advance. You couldn't make them current from day to day.

Senator BARKLEY. No; your contracts go——

Senator TAFT. Yes. What you said was, to be exact, I think, that if the war lasted 12 months you told the Appropriations Committee you would have to be back for a deficiency appropriation.

Mr. CROWLEY. That is correct, sir.

Senator TAFT. That the four billion wouldn't last.

Mr. CROWLEY. That is correct, sir.

Senator BARKLEY. As I understood you, you said you are not making contracts beyond the 31st of December.

Mr. CROWLEY. Not for France, Holland, and Belgium.

Senator BARKLEY. Yes.

Mr. CROWLEY. Now, for the countries like China and Britain that are in the Japanese War, Senator, we are carrying our contracts on just the same as we have in the past.

Senator BARKLEY. Well, in those other countries, if the thing went over beyond the first of the year, then you would probably have to make new contracts?

Mr. CROWLEY. You mean with Belgium, Holland, and France?

Senator BARKLEY. If you had to furnish new supplies.

Mr. CROWLEY. Under a new contract with the suppliers.

Senator BARKLEY. You would have to do it under a new contract?

Mr. CROWLEY. That is correct. But I have been speaking of contracts with suppliers in this country to make delivery by the end of this year.

Senator BUCK. If Russia came in, what then?

Mr. CROWLEY. There is a provision in here, Senator, on reserve which I think would take care of them.

The CHAIRMAN. We will go into executive session in a moment, but I think you would rather hear the Under Secretary.

Mr. ACHESON. I have nothing to add. I am just here to answer any question you may have.

The CHAIRMAN. You have nothing to add?

Mr. ACHESON. No.

The CHAIRMAN. Any representative of the——

Mr. CROWLEY. Not unless you ask some questions, Mr. Chairman.

The CHAIRMAN. Any questions to be asked of Secretary Acheson by any member of the committee? (No response.) Very well. Any representatives of any of the bankers here?

Mr. CROWLEY. No, sir; but they all either put letters in the records of the House and/or appeared in favor of the bill. There is no banker opposition to the bill.

Senator TAFT. There is one question I wanted to ask about the authority. It seemed to me that the authority given here to this advisory committee is, at least by implication, less than is given in the Bretton Woods bill.

Mr. CROWLEY. That is correct, sir.

Senator TAFT. This says that the management shall be vested—no. This says, on page 4, bottom of page 4:

There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the chairman of the Board of Governors of the Federal Reserve System, * * *. The Advisory Board may make such recommendations * * * as it deems advisable, * * *.

And now in the Bretton Woods bill, while the language is not very clear, it implies that this committee, of which the Secretary of the Treasury is chairman, instead of the Chairman of the Export-Import Bank, shall determine policy. It doesn't quite say that, but it certainly is stronger than mere advice. What is the explanation of that difference?

Mr. CROWLEY. The committee in the House, Senator, very definitely fixed that authority of the associate members on the Advisory Board as advisory, after long deliberation. The committee to the International Bank is entirely different. The only reason why you had an interlocking relationship between the Export-Import Bank and the advisory committee of the International Bank was to coordinate policy but not operations. But in regard to the Export-Import Bank—the committee in the House wanted to make it an independent bank, and they also made provisions that the bank could not be transferred by Executive order. There were many long arguments over in the House committee about the Advisory Board and about the independence of the bank.

Senator TAFT. Well, supposing they pass first the Bretton Woods bill, and then we come along and pass this bill. Does that amend the Bretton Woods bill, or do we have two councils made up of the same people with different powers, or what is the situation?

Mr. CROWLEY. Mr. Acheson could answer that.

Senator TAFT. How do we coordinate the two?

Mr. ACHESON. Mr. Crowley has asked me to speak to that, Senator Taft.

Senator TAFT. May I read a moment the provision in the Bretton Woods bill:

The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the fund and the bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange, or monetary transactions.

Now, the "consultation or otherwise" seems to imply that the President or somebody can issue an Executive order making that council the determiners of policy and operations:

STATEMENT OF DEAN ACHESON, ASSISTANT SECRETARY OF STATE, WASHINGTON, D. C.

Mr. ACHESON. I think that if you examine the provisions closely, Senator Taft, there is no conflict. In the Bretton Woods bill, section 4, subsection (b), paragraph 3, is the provision which you read. That is not affected in any way by the provision of the Export-Import Bank. Under that section the council coordinates, by consultation or otherwise, so far as practicable, the policies and operations of the representatives of the United States on the fund and the Export-Import Bank of Washington and all other agencies of Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange, or monetary transactions.

That is an authority to coordinate the activities of all agencies engaged in this particular endeavor, and the Export-Import Bank bill does not detract from or change that.

Now, if you look again at the Bretton Woods Bank, in the section 4 (b) —

Senator TAFT. Of course, this is the only thing I want to suggest to you: If we pass this first and then come along and pass the Export-Import Bank, changing its charter powers and adding up advisory committees and all, it may supersede, by implication, the provisions of the Bretton Woods bill.

Mr. ACHESON. I was just going to point out that I think that is not the case, and close examination will disclose that fact. Section 4, paragraph (b) (2), is the paragraph which deals, in the Bretton Woods bill, with the activities of this council advising the bank on major policies, and that says:

The Council shall advise and consult with the President and the representatives of the United States on the fund and the bank on major problems arising in the administration of the fund and the bank.

Now, under that paragraph the council is advisory to the representatives on the fund and the bank on major policies.

The provision in the Export-Import Bank sets up this council to do the same thing for the Export-Import Bank that the council in the Bretton Woods Bank does under section 2. In other words,

The Advisory Board may make such recommendations to the board of directors as it deems advisable, and the board of directors shall consult the Advisory Board on major questions of policy.

So each bill has an advisory board in it which consults with, in one case, the Bretton Woods representatives, and in the other case the Export-Import Bank directors, on major questions of policy; but the Bretton Woods bill gives the coordinating power, which is over-all, to the Bretton council which is set up in the Bretton Woods bill. There is no conflict, and they fit together perfectly.

Senator BARKLEY. In other words, the council of the Bretton Woods bill contemplates an effort to coordinate various lending agencies, including the Import-Export Bank, so that there will be harmony of policy as among them, if possible; whereas this council deals merely with the Export-Import Bank itself in determining its policy.

Mr. ACHESON. That is correct, Senator. You have one council which coordinates, and the Bretton Woods Council advises on policy

with the Bretton Woods representatives. This Council advises on Export-Import Bank policy with its representatives.

Senator BARKLEY. Yes.

Senator TAFT. I still do not think it is clear. I think it certainly ought to be explained on the floor of the Senate if that is the fact, because this Bretton Woods bill says:

The Council * * * shall recommend to the President general policy directives for the guidance of the representatives of the United States on the fund and the bank.

I mean that Council actually directs. They have power to determine policy completely. Now, that policy is not quite so clear over the Export-Import Bank. It says in (b) (3) that they shall coordinate the policies and operations of the Export-Import Bank by consultation or otherwise. Then after you pass that you come and set up a brand-new Export-Import Bank bill, the Export-Import Bank bill of 1945, and in that you vest the management in the Export-Import Bank Board of Directors, and you make it clear that these same five people are only advisory. Only advisory; not policy determining. And it seems to me you repeal the provisions of the Export-Import Bank bill if you come and pass it afterward.

Mr. ACHESON. Well, I think I have just tried to point out that this paragraph that you read, saying that they should issue directives——

Senator TAFT. Applies only to the fund and the bank?

Mr. ACHESON. Applies only to the fund and the bank.

Senator TAFT. You go down to (3) to get what they do to the Export-Import Bank.

Mr. ACHESON. Well, the Bretton Woods Council issues directives on policy to the Bretton Woods representatives. It also advises and consults with them. Then it has an over-all jurisdiction, as Senator Barkley pointed out, to coordinate with the fiscal agencies engaged in foreign operations. Now, we take the same members and say that they have the same advisory powers to the Export-Import Bank that they have to the Bretton Woods people.

Senator TAFT. Well, let us take an example.

Mr. ACHESON. They don't issue directives, but they can coordinate if it is necessary to. Whatever is necessary to be done to coordinate the activities of these agencies they can do.

Senator TAFT. Well, supposing that the Export-Import Bank decides that they want to make a loan of \$200 million to Czechoslovakia, they consult the board, and the board says, "We don't advise it." Can the Export-Import Bank go right ahead and do it anyway?

Mr. CROWLEY. Well, I wouldn't——

Senator TAFT. Or can the Council issue a directive and tell them not to do it? That is what I want to know.

Mr. CROWLEY. No.

Senator TAFT. What is the situation?

Mr. CROWLEY. The whole theory of the committee in the House, Senator, was that the Export-Import Bank was to be an independent operating bank, and they were to determine their own loans and the terms under which they were to make them, and this committee was to be an advisory committee, in order that we might get an over-all coordination; but the determination and the final judgment as to whether a loan was to be made, and for how much money and at

what rate of interest and what terms, was left to the Board of Directors of the Export-Import Bank.

Senator TAFT. Well, I don't think that is what the Bretton Woods bill does.

Mr. CROWLEY. Is that correct (addressing associates)?

Senator TAFT. I think the Bretton Woods bill in effect gives them the same power to issue directives over them that they have over the fund and the bank representatives, and I think they ought to have it. It seems to me the policy of this Government on lending abroad ought to be coordinated in one group of people.

Mr. ACHESON. It does give them the power to coordinate, and that is in section (3).

Senator TAFT. Well, "coordinate" is a word that doesn't mean anything. Does it give them the power to issue directives to the Export-Import Bank? Mr. Crowley says "No".

Mr. ACHESON. Well, if it is necessary to coordinate, "Yes". If it is a separate matter of policy which has nothing to do with the operations of other agencies, why, then "No".

Senator TAFT. Do you agree to that, Mr. Crowley? [Laughter.]

Mr. ACHESON. Well, in other words, I think the point is this, or there wouldn't be any difference: If the American representatives on the bank and the fund—on the bank were considering a particular loan to a particular country for a particular purpose, and at the same time the Export-Import Bank was considering exactly the same loan for exactly the same purpose, this council would tell one or the other of them not to duplicate the loan, or to give way to the other.

Senator TAFT. Well, they would advise them to do that, but Mr. Crowley says they don't have to follow the advice and may issue the loan.

Mr. CROWLEY. Well, I think any person who was mangaging the Export-Import Bank that wouldn't cooperate to that extent, ought to be removed. That is purely an administrative matter as I see it.

The CHAIRMAN. Any other question? (No response.)

Will you wait here a moment? We will go into executive session, so you and the people you represent may stay here.

Mr. CROWLEY. Fine.

(The following telegram was later submitted for the record:)

NEW YORK, N. Y., July 16, 1945.

HON. ROBERT F. WAGNER,

Chairman, Senate Banking and Currency Committee,

Senate Office Building, Washington, D. C.

The National Foreign Trade Council through its executive committee at a meeting today endorses and recommends the approval by the Senate of legislation to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, as provided in bill H. R. 3771 already approved by the House of Representatives.

Included in this endorsement the council especially recommends the policy under which the functions of the bank would be exercised as stated in section 2 paragraph (B). We request that this endorsement be made a matter of record, as a part of the hearings of your committee on this legislation.

EUGENE P. THOMAS,

President, National Foreign Trade Council, Inc.

(Whereupon, at 10:35 a. m., the committee went into executive session.)

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued July 20, 1945, for actions of Thursday, July 19, 1945)

(For staff of the Department only)

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HIGHLIGHTS: Senate passed bill transferring certain RFC subsidies to CCC. Senate committee reported bill increasing Export-Import Bank's lending authority. Sen. Stewart commended proposal for single surplus-property administrator. Rep. Jenkins discussed recommendations to improve the sugar situation. Rep. Ellis criticized the lend-lease program. Rep. Hope criticized the measure to provide for AAA-tobacco-marketing-quota elections and specify CCC loan rates on tobacco. Sen. Morse criticized OPA's handling of the Oreg. lamb situation.

SENATE

1. EXPORT-IMPORT BANK. Banking and Currency Committee reported without amendment H. R. 3771, to provide for increasing the lending authority of the Export-Import Bank of Washington (S.Rept. 490) (p. 7874). Agreed to Majority Leader Barkley's (Ky.) request to make this bill the unfinished business (p. 7940).
2. BANKING AND CURRENCY. Sen. Hart, Conn., inserted a constituent's petition for the extension and maintenance of credit for the purchase and carrying of securities (p. 7873).
3. CLAIMS; INSECT CONTROL. Claims Committee reported without amendment S. 1250, for the relief of certain claimants who suffered losses and sustained damages as the result of the campaign carried by the Federal Government for the eradication of the Mediterranean fruitfly (S.Rept. 491) (p. 7874).
4. SURPLUS PROPERTY. Sen. Stewart, Tenn., commended the President's recommendation that surplus-property disposal be put under one man, agreed to modify his bill S. 1264 to that end, and urged early consideration of his bill, stating that it provides that surplus-property disposal in its entirety shall be placed under the Surplus Property Board (or Administrator) (pp. 7889-90).
5. FOOD SUPPLY. Sen. Morse, Oreg., criticized OPA's handling of the Oreg. lamb situation and inserted several communications on this subject. Several members discussed this with him. (pp. 7908-12.)
6. BRETTON WOODS AGREEMENTS. Passed, 61-16, with amendments H.R. 3314, to provide for U.S. participation in the International Monetary Fund and the International Bank for Reconstruction and Reconversion (pp. 7875-88, 7890-908).
7. C.C.C. SUBSIDIES. Passed as reported S. 1270, providing for transfer to CCC of RFC subsidies on meat, flour, and butter (p. 7940). The committee amendment

struck out the provision for sugar-crop subsidies. Sen. O'Mahoney, Wyo., inserted the committee report (p. 7940).

8. TAXATION; RECONVERSION. Passed with amendments H.R. 3633, the tax bill, to facilitate reconversion (pp. 7912-40).
 9. NOMINATION. Confirmed the nomination of Casper Ooms to be Commissioner of Patents (p. 7941).
 10. REGIONAL AUTHORITIES. H.R. 2690 (see Digest 143) amends the Bonneville Project Act so as to provide better methods of administration and, among other things, authorizes the Administrator to dispose of energy to Federal agencies at rates approved by the Federal Power Commission, relieves him of maintaining duplicate records, requires annual commercial-type audit, authorizes appointments pursuant to civil-service laws of electrical-facility workers, ^{and} authorizes settlement of tort claims not in excess of \$1,000 and settlement of property damage claims.
- HOUSE
11. SUGAR SITUATION. Rep. Jenkins, Ohio, discussed the Republican Congressional Food Committee's recommendations to help relieve the sugar situation (pp. 7942-3). The recommendations are as follows: To borrow sugar from the United Kingdom and from military allocations, place an embargo on shipments to foreign countries until actual stock-piles are disclosed and justified, expand the sugar-beet production, and prepare now for sugar production in the Orient.
 12. LEND-LEASE. Rep. Ellis, W. Va., criticized the lend-lease program in view of "shortages" (including food) in the U.S. (p. 7943).
 13. PERSONNEL; COMPENSATION. Passed without amendment S. 714, to amend the Employees' Compensation Act so as to clarify procedures, including those pertaining to filing claims (pp. 7944-5).
 14. PERSONNEL CEILINGS. Received this Department's estimate of personnel requirements for the quarter ending June 30, 1945. To Civil Service Committee. (p. 7952.)
 15. ARCHIVES. H.R. 3243 (see Digest 142) (to amend the National Archives Act) authorizes heads of agencies to impose restrictions on the use of records transferred to the Archivist only at the time or prior to their physical transfer, such restrictions to remain in force and effect until the successor of an agency head agrees to modification or removal and to apply to the Archivist and National Archives employees as well as to heads of agencies and departments and their employees.

16. VETERANS. H.R. 3749 (see Digest 143), amends the GI Bill of Rights as follows: Increases to 4 years the time in which training courses may be initiated and allows 9 instead of 7 years for the completion of such course; provides for short-intensive post-graduate courses up to 30 weeks; increases subsistence allowances during educational courses other than correspondence courses; includes correspondence schools in "educational or training institutions;" provides for payment by the Government for courses in correspondence schools in existence prior to the date of the act; increases from 2 to 6 years the time in which application may be made for loans, such application to be made to the Administrator of Veterans' Affairs instead of the "lending agency," no loan to be negotiated until 20 days after date of veteran's discharge; eliminates the security requirement for loans; provides for honorable discharge to be certificate of eligibility; eliminates Administrator's approval for loans for resi-

DESIGNATION OF BIRTHDAY OF FRANKLIN D. ROOSEVELT AS A NATIONAL HOLIDAY

Mr. TOBEY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the Berlin (N. H.) Aerie, Fraternal Order of Eagles, memorializing Congress to designate the birthday of the late President Franklin D. Roosevelt as a national holiday.

There being no objection, the resolution was received, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolution memorializing Congress to designate the birthday of the late President Franklin Delano Roosevelt as a national holiday

Whereas Franklin Delano Roosevelt served as President of the United States from March 4, 1932, until his untimely death on April 12, 1945, having been elected to four successive terms and having become the first American President honored by his fellow citizens with more than traditional two terms;

Whereas President Roosevelt assumed office during the depression, one of the great domestic crises in the Nation's history, and by wise, courageous, and humanitarian leadership restored confidence and faith in America;

Whereas President Roosevelt championed the cause of the workingmen of America and ushered in a new era of consideration for the rights of labor and the common man;

Whereas President Roosevelt espoused and signed the National Social Security Act, generally recognized as the greatest social measure in American history, climaxing a 14-year educational campaign by the Fraternal Order of Eagles in behalf of State and Federal old-age security legislation;

Whereas President Roosevelt awakened our Nation to the menace of fascism to our free institutions and our very existence as a free people and led America and its allies, the United Nations, in the mightiest world struggle for human freedom, culminating in the unconditional surrender of Germany and in decisive victories over Japan;

Whereas President Roosevelt charted a course for preventing future wars, by means of a permanent world peace organization, economic cooperation, and international good will, thereby embodying during the most critical period in modern history the hopes, the aspirations, and the ideals of his fellow countrymen, and the oppressed peoples of the entire world; and

Whereas Franklin Delano Roosevelt is assured an immortal place in world history and will earn the gratitude of American generations yet to come and the esteem and affection of free peoples in all lands: Now, therefore, be it

Resolved, That Berlin Aerie, Fraternal Order of Eagles, hereby respectfully petition the Congress of the United States to designate January 31, the birth date of Franklin Delano Roosevelt, as a national holiday; and be it further

Resolved, That copies of this resolution be sent to the United States Senators from this State and the Congressman of this district.

EXTENSION AND MAINTENANCE OF CREDIT FOR PURCHASE AND CARRYING OF SECURITIES—PETITION

Mr. HART. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD, a petition of Thomas J. Reardon, of Hartford, Conn., relating to the extension and maintenance of credit

for the purchase and carrying of securities.

There being no objection, the petition was received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

In accordance with the Constitution of the United States, I, Thomas J. Reardon, a citizen of the United States, resident of Hartford, Conn., respectfully petition the Congress of the United States to consider and take action upon the following grievance and proposed remedy:

Whereas for the purpose of stabilizing the economy of this Nation following the collapse of 1907, Congress instituted the Federal Reserve bank, and whereas the direct evidence of the failure of the Federal Reserve bank to prevent an economic collapse of 1929 substantiates the following accusation:

The Federal Reserve bank allowed the credit wealth of the Nation to be siphoned into speculation prior to 1929. That was the period of inflation credited to their false method of valuation and whereas they still insist on using the same false method of valuation which will promote the very thing they are trying to prevent.

The Federal Government treated the effect by Government bond issue—some forty-seven billion—and had not solved the unemployment problem. War and production of implements of war employed all the employable and adding some hundreds of billions more of debt as a burden on the people of the Nation.

Whereas we are confronted with the problem of production to furnish employment to meet the current expenses of government and liquidate a debt which private enterprise producing the things people desire and will purchase inasmuch as their ability to earn will permit, and the credit wealth of the Nation supporting the production will furnish the bloodstream of the whole economic system when so employed.

To prevent repetition of the experience prior to 1929, it is only necessary for Congress, by legislation, to substitute "yield" for "market quotation" as a method of valuation for the extension of credit for the purchase and carrying of securities as follows:

A bill amending regulation U (loans by banks) and regulation T (extension and maintenance of credits to brokers, etc.)

An amount not greater than 50 percent of the value determined by yield as follows:

On common stock to be at least 5 percent per annum.

On preferred stock to be at least 4 percent per annum.

On bonds to be at least 3 percent per annum.

And yield that determines the value at the time of the loan shall be the minimum yield per annum for the previous 5 years.

Discontinue the special privileges of brokers and dealers.

POLITICAL OR ECONOMIC COOPERATION BY UNITED STATES WITH OTHER NATIONS TO PREVENT WAR—PETITION

Mr. HART. Mr. President, I also ask unanimous consent to present for appropriate reference and to have printed in the RECORD a petition from Thomas J. Reardon, of Hartford, Conn., relating to political or economic cooperation by the United States with other nations to prevent war.

There being no objection, the petition was received, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

In accordance with the Constitution of the United States, I, Thomas J. Reardon, a citizen of the United States, resident of

Hartford, Conn., respectfully petition the Congress of the United States to consider and take action upon the following grievance and proposed remedy:

Whereas man's two major problems are war and economic misery. These being of man's own making, the cause and remedy can be definitely determined and set down. It is an absolute fact that the overwhelming majority of the two-billion-odd people in the world do not want war or economic misery. The evidence is clear that minorities have involved majorities in those catastrophes, minorities being the administrators in the different forms of government. The exercise of the common sense of the common people, which Thomas Jefferson said is the greatest force on earth, would be the most potent influence in correcting this situation;

Whereas the purpose and intent of our forefathers is to forever prevent men by evil method governing people without their consent. Their set of principles, their doctrine, their idealism, and their realism, they set down in our Constitution, second only to the law of God, is evidenced by their wisdom in implementing good will. Providing for change is evidence that they did not claim perfection;

Whereas a set of principles proposing to prevent war and economic misery is subscribed to by the administrators of the various kinds of governments assembled in San Francisco to build a method of government to that end. The method of attaining this end is now disclosed in the proposed charter, which document itself clearly discloses the falseness of the premises upon which it is based;

Whereas the pagan sovereign states and nations have a method of government wherein the people are subjects, while we declared our separation and independence as an evidence of a divine sovereign people's method of government, wherein the people are masters and limit by our Constitution the authority and discretion of the administrators in peace and war;

Whereas Congress resolved to cooperate with other nations by constitutional processes to prevent war and economic misery; while at the Convention at San Francisco, attended by our delegates, a constitution for the prevention of war and economic misery has been devised and now awaits adoption; and

Whereas this so-called charter is in fact a constitution, upon the question of the adoption of which our delegates will vote, although there is no provision in the Constitution of the United States for the adoption or ratification of such a charter or constitution of a world-supreme government; and once we are in we cannot get out, as we have interpreted our Constitution denying the right of any signatory to secede. And, again, when a state ratifies a constitutional amendment it cannot rescind its action. It has exhausted its authority. In the Constitution there are no provisions for the action necessary for this Nation to cooperate with other nations in the manner and form disclosed after the various conferences at San Francisco; and admitting, as its proponents do, that it is only an experiment, there is no exit in the event of failure: Therefore be it

Resolved, That before committing this Nation to any plan of political or economic cooperation with other nations to prevent war,

Congress will summon the voting citizens for their verdict by ballot; and providing that three-quarters of the voters concur.

This alone is a barrier against the evil will of minority manipulators, the cause of war and economic misery all down through the history of man; preventing the uncon-

stitutional surrender of our "divine sovereignty" by taking this constitutional means to attain this "divine end."

ADEQUATE MANPOWER FOR BITUMINOUS COAL INDUSTRY—REPORT OF MILITARY AFFAIRS COMMITTEE

Mr. REVERCOMB. Mr. President, on behalf of my colleague [Mr. KILGORE] and myself, from the Committee on Military Affairs, I ask unanimous consent to report favorably without amendment the concurrent resolution (S. Con. Res. 21) urging the War Department and the War Manpower Commission to take immediate action to assure manpower in the bituminous-coal industry adequate to attain the needed coal production, and for other purposes, and I submit a report (No. 501) thereon.

It is a concurrent resolution dealing with the release of men in the service for the purpose of increasing manpower in coal mining. It is a very important measure. The manpower situation in the State of West Virginia and other coal-producing States is in a precarious condition, in view of the great demand which will be made for the use of coal in the days ahead of us.

The PRESIDENT pro tempore. Without objection, the report will be received, and the concurrent resolution will be placed on the calendar.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURDOCK, from the Committee on Banking and Currency:

H.R. 3771. A bill to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; without amendment (Rept. No. 490).

By Mr. ELLENDER, from the Committee on Claims:

S. 1183. A bill to authorize payment of certain claims for damage to or loss or destruction of property arising from activities of the War Department or of the Army; without amendment (Rept. No. 500);

S. 1250. A bill for the relief of certain claimants who suffered losses and sustained damages as the result of the campaign carried out by the Federal Government for the eradication of the Mediterranean fruitfly in the State of Florida; without amendment (Rept. No. 491);

H.R. 1245. A bill for the relief of John F. Davis; without amendment (Rept. No. 492);

H.R. 1301. A bill for the relief of Madeline Winter and Ethel Newton; without amendment (Rept. No. 493); and

H.R. 1346. A bill for the relief of Alaska D. Jeannette; without amendment (Rept. No. 494).

By Mr. O'DANIEL, from the Committee on Claims:

H.R. 2699. A bill for the relief of Dr. Jabez Fenton Jackson, and Mrs. Narcissa Wilmans Jackson; with an amendment (Rept. No. 495).

By Mr. CAPPER, from the Committee on Claims:

H.R. 3417. A bill for the relief of Clarence J. Spiker and Fred W. Jandrey; without amendment (Rept. No. 496).

By Mr. MORSE, from the Committee on Claims:

H.R. 1595. A bill for the relief of the Borough of Beach Haven, Ocean County, N. J.; without amendment (Rept. No. 497); and

H.R. 3175. A bill to confer jurisdiction upon the United States District Court for the Eastern District of South Carolina to determine the claim of Lewis E. Magwood; without amendment (Rept. No. 498).

By Mr. JOHNSTON of South Carolina, from the Committee on Claims:

S. 788. A bill for the relief of the estate of George J. Ross; without amendment (Rept. No. 499).

By Mr. REVERCOMB (for himself and Mr. KILGORE), from the Committee on Military Affairs:

S. Con. Res. 21. Concurrent resolution urging the War Department and the War Manpower Commission to take immediate action to assure manpower in the bituminous-coal industry adequate to attain the needed coal production, and for other purposes; without amendment (Rept. No. 501).

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

S. 1283. A bill for the relief of the estate of Homer V. Volley; and

S. 1284. A bill for the relief of the board of trustees, Summerville Consolidated School District, Chattooga County, Ga.; to the Committee on Claims.

(Mr. MAGNUSON introduced Senate bill 1285, which was referred to the Committee on Commerce, and appears under a separate heading.)

By Mr. CAPPER:

S. J. Res. 85. Joint resolution proposing to amend the Constitution of the United States to exclude aliens in counting the whole number of persons in each State for apportionment of Representatives among the several States; to the Committee on the Judiciary.

NATIONAL RESEARCH FOUNDATION ACT OF 1945

Mr. MAGNUSON. Mr. President, prior to our entrance into the war this country never instituted a national mobilization of its scientific potentialities. War came and we found that basic science and applied science became an integral part of fighting this war. We learned a lesson. We mobilized quickly what scientists were available. The scientists of this country in all fields of endeavor have done an excellent job in helping to win the war and now in helping to bring it to an end.

These scientists have come to a definite realization that we should have some legislation and embark upon some program so that such a thing may not again happen. They have prepared data which I have assembled in a bill which I now ask unanimous consent to introduce for proper reference. The purpose of the bill is to keep our scientific potential in this country mobilized so that we may use it quickly when we call upon it at any time in the future for the defense of our country.

There being no objection, the bill (S. 1285) to promote the progress of science and the useful arts, to secure the national defense, to advance the national health, prosperity, and welfare, and for other purposes, introduced by Mr. MAGNUSON, was received, read twice by its title, and referred to the Committee on Commerce.

DECLARATION OF POLICY WITH RESPECT TO RATIFICATION OF UNITED NATIONS CHARTER

Mr. MOORE submitted the following resolution (S. Res. 158), which was re-

ferred to the Committee on Foreign Relations:

Resolved, That if and when the charter of the United Nations, signed by 50 nations of the world at San Francisco on the 26th day of June 1945 and submitted to the Senate of the United States by the President for ratification, shall have been ratified, it shall be the policy of the United States that all powers to be exercised by the representative of the United States on the Security Council, as established pursuant to chapter V, with respect to the use of measures set forth in articles 41 and 42 of chapter VII of the charter of the United Nations, shall be in accordance with directions first had and obtained from the President of the United States.

SEC. 2. When the President of the United States shall direct the representative of the United States on the Security Council, as established by the charter of the United Nations, to vote for the use of the measures, or any of them, set forth in articles 41 and 42 of chapter VII of the charter of the United Nations, he shall report his actions in such regard to the Congress of the United States.

SEC. 3. The policy of the United States as stated in sections 1 and 2 hereof shall be made a covenant of a treaty between the United States Government and the Security Council of the United Nations, to be concluded in accordance with article 43, chapter VII, of the charter of the United Nations.

SEC. 4. No representative of any United Nations Organization shall commit the United States Government to the expenditure or loan of any moneys, or the extension of credits, or the use of real or personal property, except military equipment and matériel when used to enforce the measures provided for in article 43 of chapter VII of the charter under the conditions herein expressed unless the Congress of the United States shall have made an appropriation specifically for such purposes, or shall have passed an act in accordance with law authorizing such action.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated:

H.R. 603. An act to permit the United States to be made a party defendant in certain cases; and for other purposes; to the Committee on the Judiciary.

H.R. 3111. An act to amend the act approved January 2, 1942, as amended, approved April 22, 1943, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries"; ordered to be placed on the calendar.

H.R. 3749. An act to amend the Servicemen's Readjustment Act of 1944 to provide for readjustment allowance for all veterans of World War II; to the Committee on Finance.

ADDRESS BY ASSOCIATE JUSTICE BLACK AT HOLLYWOOD BOWL

[Mr. HILL asked and obtained leave to have printed in the RECORD an address delivered by Hon. Hugo L. Black, Associate Justice of the Supreme Court of the United States, at Hollywood Bowl on June 22, 1945, which appears in the Appendix.]

ON REMOVING SUSPICION—EDITORIAL BY JOHN W. OWENS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an editorial entitled "On Removing Suspicion," written by John W. Owens, and published in the Baltimore Sun of July 18, 1945, which appears in the Appendix.]

Mr. GEORGE. I know that. I say that I am simply lecturing the court, and I am insisting on what I think is always a much safer thing for courts to do, namely, to allow the lawyers to develop the points which they believe to be controlling. If the court discovers something else which it knows to be controlling, all good and well. But in this case, regardless of what one may think about it, the court decided against the taxpayer, but finally the court modified what it had said with respect to the conflict of the Treasury regulation with the statute.

House Concurrent Resolution 50 was submitted in the House of Representatives. It was agreed to by the House of Representatives and came to the Senate. The Senate Finance Committee, to which it was referred, has reported it favorably, and it has been placed on the calendar. In the report which the Senate Finance Committee made on the resolution the following is stated:

This resolution seeks to reaffirm what the committee believes to have been the intent of Congress as reflected in Treasury regulations—

Certain Treasury regulations.

That is all; that statement is in the report. The committee report is that the resolution seeks to reaffirm what the committee believes to have been the intent of Congress as reflected in certain regulations. That is not the law. It will not be binding on a court. It will not have anything to do with the law if the law is right. The courts may continue to make their decisions with respect to regulations. But in the measure now before the Senate there is nothing about the resolution; it is not referred to at all; it is wholly extraneous.

The resolution is on the calendar; and when it comes up for consideration in the Senate, the Senate may pitch it out entirely and may say it is not proper procedure and should not be agreed to. But I say that any legislative body which is a sovereign body under everyone's law has a right to express its opinion as to what it intends to do or what it intended to do. The Congress of the United States expressed its opinion that what the Turks were doing in Europe long long numbers of years ago was outrageous and contrary to the dictates of humanity, and so forth and so forth. Certainly a legislative body can say what its purpose or intent is in taking certain action. That is not binding on a court, any more than what it said in the first instance was. The courts frequently find that something was not the intent of the legislature, when probably it was; and sometimes they find that something was the intent of the legislative body, when probably it was not; but they examine the law and arrive at their own decision.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MURDOCK. I am in full agreement with the Senator regarding what can be done by concurrent resolution, and I agree with him that by concurrent resolution we can condemn things which occur in Europe or things which occur in this country. But when we try to tell the courts of the country, as we do here,

what the law is, when they have held just the opposite, and when a committee of Congress not only condemns the action of the court but takes the position—as is done in both reports—that the position of the court is untenable, I simply think that cannot be done by means of concurrent resolution.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. HATCH. I asked the Senator from Georgia to yield because I am more or less familiar with the whole question which is being debated. I do not think there is an iota of difference between the position of the Senator from Utah and the position of the Senator from Georgia—absolutely none—except this—and let me say first that I think the position of the Senator from Utah is sound.

Mr. MURDOCK. I thank the Senator.

Mr. HATCH. I do. But I should also say that we are confronted with a certain practical situation. The Senator from Georgia has explained that this matter is not involved in this particular measure, so far. When House Concurrent Resolution 50 comes before the Senate, I think we can all debate the question and discuss it to our heart's content. But right now I see no particular reason for indulging in this debate. But I do think the Senator from Utah is really sound in the position he takes.

Mr. GEORGE. I am not disputing that. However, I am pointing out the effect of it, and I am pointing out the Treasury's position on it.

I was about to make an additional statement, and with that I will be through and will be willing to have the Senate vote on this matter. The Treasury has taken a flat position on this issue, and the Treasury has also said that so far as past transactions are concerned—in other words, so far as its regulation is concerned—it would go on and would abide by it, regardless of what the court had said or had not said.

But the Treasury does not wish to approve any legislation which lays down the law for the future. So, suppose this amendment is added to the bill. The bill thus amended would go to the House of Representatives. The Treasury would appear before the House committee and would ask that the bill be held for conference. That undoubtedly would be done, and that would be the end of the tax bill, because before a conference could be held we would have adjourned and gone home until October.

The issue can be raised either on consideration of House Concurrent Resolution 50, when it comes before the Senate, or on consideration of another tax bill, if one is reported and considered at this session, before the adjournment.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. FERGUSON. I should like to inquire whether it is the intention of the Senator to call up House Concurrent Resolution 50, following consideration of the pending measure.

Mr. HATCH. I hope the Senator does so.

Mr. GEORGE. I should like to get it off the calendar, because it is there now. However, I do not know that I shall call it up immediately after action is taken on the pending bill. Another tax bill might be reported out before that.

Mr. FERGUSON. Does the Senator from Georgia anticipate that within a short time a revenue bill will be reported from the committee and will be ready for consideration by the Senate?

Mr. GEORGE. Yes; I anticipate that may be done either on Friday or Saturday.

Mr. FERGUSON. The Senator from Utah may endeavor at that time to attach what he now proposes to attach.

Mr. GEORGE. Yes.

Mr. MURDOCK. If the Senator from Georgia will assure me that he will not attempt to call up Concurrent Resolution No. 50, and would prefer to have me offer my amendment to some other tax bill, and I may have that opportunity before the Senate passes on Concurrent Resolution No. 50, I shall have no objection.

Mr. GEORGE. That will be all right with me, so far as I am concerned, but there are several other Senators who are interested in Concurrent Resolution No. 50, and I could not bind them.

Mr. HATCH. The Senator from Georgia may not bind other Senators in respect to Concurrent Resolution No. 50.

Mr. GEORGE. No.

Mr. MURDOCK. Will the Senator from Georgia agree to what I have suggested?

Mr. GEORGE. I would certainly be willing to give the Senator from Utah an opportunity to seek to offer his amendment to some other revenue bill which will come before the Senate. I would not want to undertake to bind other Senators, however, who are interested in the matter, by saying that concurrent resolution No. 50 will not be called up, because any Senator may call it up.

Mr. BARKLEY. In that connection I may say, Mr. President, that following the disposition of the Export-Import Bank bill tomorrow, I hope to move that the calendar be called for consideration of bills to which there is no objection. The concurrent resolution to which reference has been made will not be included in the call of the calendar, which will begin where we left off the last time the calendar was called. It would be subject to any Senator's objection. Under those circumstances, it would take a motion to bring the concurrent resolution before the Senate, and the chances are, I believe, that it would go over until after the recess of the Senate.

Mr. HATCH. As a matter of fact, Mr. President, I am quite sure that a motion will be made.

Mr. BARKLEY. It will then be necessary for the Senate to act on the motion.

Mr. GEORGE. I could not undertake to bind any Senator.

Mr. MURDOCK. I understand that. If the Senator will agree that he will not call up Concurrent Resolution 50, or move to have it considered, and afford me an opportunity to offer my amendment to a tax bill which may come up tomorrow or Saturday, I shall be perfectly willing to withdraw my amendment now.

Mr. GEORGE. I believe there is a tax bill on the calendar to which the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] secured approval of the Senate Finance Committee to offer an amendment. I do not remember what bill it is. But there is another tax bill which will have to be brought before the Senate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Utah.

Mr. MURDOCK. Mr. President, I do not wish to interfere with the Senator from New Mexico [Mr. HATCH], but if the matter could go over tonight, so that I may have an opportunity to attach the amendment to a tax bill which will be called up tomorrow or Saturday, then the Senator could call up the concurrent resolution at any time he desired to do so.

Mr. HATCH. I shall be very glad to have the matter go over tonight, but I will not make any agreement.

Mr. MURDOCK. With the assurance which I have received from the Senator from Georgia [Mr. GEORGE] that he does not intend to call up Concurrent Resolution 50, I withdraw my amendment at this time.

The PRESIDENT pro tempore. The bill is before the Senate and open to amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 3633) was read the third time, and passed.

PAYMENTS OF SUBSIDIES TO PRODUCERS OF CERTAIN FARM PRODUCTS

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 464, Senate bill 1270.

Mr. LANGER. I object.

Mr. O'MAHONEY. Mr. President, if the Senator from North Dakota will withhold his objection for a moment, I will make a statement with respect to the bill.

Mr. LANGER. I withhold the objection.

Mr. O'MAHONEY. This is a measure which has been reported by the Banking and Currency Committee of the Senate. The bill is designed to make it possible for the Commodity Credit Corporation to carry out a program to sustain the lamb producer.

Mr. LANGER. I withdraw my objection. [Laughter.]

Mr. O'MAHONEY. I thank the Senator.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1270) relating to the payment of subsidies by the Commodity Credit Corporation and the Reconstruction Finance Corporation.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. WHITE. I may say to the Senator from Wyoming that I have talked with minority members of the commit-

tee, and I find no opposition on their part to the proposed legislation.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1270) relating to the payment of subsidies by the Commodity Credit Corporation and the Reconstruction Finance Corporation, which had been reported from the Committee on Banking and Currency with an amendment, on page 2, line 8, after the word "correspondingly", to strike out "And provided further, That the Corporation is authorized to carry out subsidy operations with respect to 1946 and 1947 sugar crops to such extent as the Secretary of Agriculture may determine necessary to obtain the maximum necessary production and distribution of sugar", so as to make the bill read:

Be it enacted, etc., That the amount of funds authorized to be expended by Commodity Credit Corporation pursuant to section 3 of the act of April 12, 1945 (Public, 30, 79th Cong.), shall be increased by such amounts as may from time to time be determined by the Secretary of Agriculture as follows: (1) Not to exceed with respect to livestock and livestock products, \$595,000,000, (2) not to exceed with respect to wheat and wheat products, \$190,000,000; and (3) not to exceed with respect to butterfat and butter, \$100,000,000: *Provided,* That the amounts authorized to be expended pursuant to section 1 of the act of June 23, 1945 (Public, 88, 79th Cong.), for subsidy payments on meat, butter, and flour shall be reduced correspondingly.

The amendment was agreed to.

The PRESIDENT pro tempore. The bill is before the Senate and open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the committee report be printed in the RECORD at this point.

There being no objection, the report (No. 465) was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to whom was referred the bill (S. 1270) relating to the payment of subsidies by the Commodity Credit Corporation and the Reconstruction Finance Corporation, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

This bill, as reported by the committee, authorizes an increase in the amounts of the subsidies which may be paid by the Commodity Credit Corporation with respect to certain agricultural commodities and the products thereof. Any increase in the amount of subsidies paid by the Commodity Credit Corporation will be conditioned upon a corresponding decrease in the amount of subsidies authorized to be paid by the Reconstruction Finance Corporation. Thus, no over-all increase in subsidies is authorized.

Under existing law, limitations are placed upon the amounts of the subsidies which may be paid by the Commodity Credit Corporation or the Reconstruction Finance Corporation. The limitations with respect to the Commodity Credit Corporation are contained in Public Law 30, Seventy-ninth Congress, and those with respect to the Reconstruction Finance Corporation are contained in Public Law 88, Seventy-ninth Congress.

Under the latter act, the Reconstruction Finance Corporation is authorized to pay the following subsidies, among others. With respect to meat in an amount not to exceed \$595,000,000, with respect to flour in an amount not to exceed \$190,000,000, and with respect to butter in an amount not to exceed \$100,000,000. Under this bill, the amount of Commodity Credit Corporation funds authorized to be expended for subsidy purposes will be increased by such amounts as may be determined from time to time by the Secretary of Agriculture as follows: (1) Not to exceed with respect to livestock and livestock products, \$595,000,000, (2) not to exceed with respect to wheat and wheat products, \$190,000,000, and (3) not to exceed with respect to butterfat and butter, \$100,000,000. These amounts correspond to the amounts stated above as those which the Reconstruction Finance Corporation is authorized to expend for subsidies with respect to similar commodities; and whenever an increase is made under this bill in the amount of subsidies paid by the Commodity Credit Corporation with respect to any such class of agricultural commodities or the products thereof, a corresponding reduction will be made in the amount authorized to be paid by the Reconstruction Finance Corporation with respect to agricultural commodities of that class or the products thereof.

The enactment of this bill will tend to centralize in the Secretary of Agriculture the responsibility for the production of food, and at the same time will afford greater flexibility in working out the food program. This should serve to enable the Secretary of Agriculture to overcome some of the difficulties which have been encountered in the production and distribution of food. For example, the Commodity Credit Corporation will be enabled to pay subsidies to the producers of lambs on the basis of an arrangement which has already been worked out informally and which will do much to relieve the present plight of the producers of lambs and result in a greater supply of their product for the consuming public. While it is generally agreed that this arrangement will result in substantial improvement in the production and distribution of lambs, the Commodity Credit Corporation, which has the basic authority to pay such a subsidy under existing law, does not have available funds to use for that purpose within the existing limitations. The Reconstruction Finance Corporation, on the other hand, does have available funds which can be used for paying the subsidy to lamb producers, but does not have the basic authority to pay such a subsidy under existing law. Thus, it is apparent that in this case the flexibility which would be provided by this bill is necessary in order to attain an objective which has been generally agreed upon as desirable.

INCREASE IN LENDING AUTHORITY OF EXPORT-IMPORT BANK

Mr. BARKLEY. Mr. President, earlier in the day the Committee on Banking and Currency reported House bill 3771 dealing with the increased lending power of the Export-Import Bank. I ask unanimous consent that the Senate proceed to the consideration of the bill at this time, with the understanding that it will not be dealt with until tomorrow.

There being no objection, the Senate proceeded to consider the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

Calendar No. 489

79TH CONGRESS
1ST SESSION

H. R. 3771

[Report No. 490]

IN THE SENATE OF THE UNITED STATES

JULY 16 (legislative day, JULY 9), 1945

Read twice and referred to the Committee on Banking and Currency

JULY 19 (legislative day, JULY 9), 1945

Reported by Mr. MURDOCK, without amendment

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Export-Import Bank
4 Act of 1945".

5 SEC. 2. (a) The Export-Import Bank of Washington,
6 District of Columbia, a banking corporation organized under
7 the laws of the District of Columbia as an agency of the
8 United States, is continued as an agency of the United
9 States, and in addition to existing charter powers, and with-
10 out limitation as to the total amount of obligations thereto
11 of any borrower, endorser, acceptor, obligor, or guarantor

1 at any time outstanding, it is hereby authorized and em-
2 powered to make loans, to discount, rediscount or guarantee
3 notes, drafts, bills of exchange, and other evidences of debt,
4 or participate in the the same, for the purpose of aiding in
5 the financing and facilitating of exports and imports and
6 the exchange of commodities between the United States
7 or any of its Territories or insular possessions and any foreign
8 country or the agencies or nationals thereof. The Bank is
9 hereby authorized to use all its assets, including capital and
10 net earnings therefrom, and to use all moneys which have
11 been or may hereafter be allocated to or borrowed by it, in
12 the exercise of its functions as such agency.

13 (b) It is the policy of the Congress that the Bank in
14 the exercise of its functions should supplement and encourage
15 and not compete with private capital, and that loans, so far
16 as possible consistently with carrying out the purposes of
17 subsection (a), shall generally be for specific purposes, and,
18 in the judgment of the Board of Directors, offer reasonable
19 assurance of repayment.

20 SEC. 3. (a) (1) The management of the Export-
21 Import Bank of Washington shall be vested in a Board of
22 Directors consisting of the Administrator of the Foreign
23 Economic Administration, who shall serve as Chairman,
24 the Secretary of State, and three persons appointed by the
25 President of the United States by and with the advice and

1 consent of the Senate. The Secretary of State, to such ex-
2 tent as he deems it advisable, may designate to act for him
3 in the discharge of his duties as a member of the Board of
4 Directors any officer of the Department of State who shall
5 have been appointed by and with the advice and consent
6 of the Senate.

7 (2) If the Foreign Economic Administration ceases to
8 exist in the Office for Emergency Management in the Ex-
9 ecutive Office of the President, the President of the United
10 States shall appoint by and with the advice and consent
11 of the Senate another member of the Board of Directors.
12 The member so appointed shall serve for the remainder of
13 the existing terms of the other three appointed members,
14 but successors shall be appointed for terms of five years.
15 After the Foreign Economic Administrator ceases to be
16 a member of the Board of Directors the President of the
17 United States shall, from time to time, designate one of the
18 members of the Board to serve as Chairman.

19 (3) Of the five members of the Board, not more than
20 three shall be members of any one political party. Each
21 of the appointed directors shall devote his time not other-
22 wise required by the business of the United States principally
23 to the business of the Bank. Before entering upon his duties
24 each of the directors so appointed and each officer of the
25 Bank shall take an oath faithfully to discharge the duties of

1 his office. The terms of the appointed directors shall be
2 five years, except that the terms of the directors first ap-
3 pointed shall run from the date of appointment until June
4 30, 1950. Whenever a vacancy occurs among the directors
5 so appointed, the person appointed to fill such vacancy
6 shall hold office for the unexpired portion of the term
7 of the director whose place he is selected to fill. Each
8 of the appointed directors shall receive a salary at the
9 rate of \$12,000 per annum, unless he is an officer of the
10 Bank, in which event he may elect to receive the salary of
11 such officer. No director, officer, attorney, agent, or em-
12 ployee of the Bank shall in any manner, directly or indirectly,
13 participate in the deliberation upon or the determination of
14 any question affecting his personal interests, or the interests
15 of any corporation, partnership, or association in which he
16 is directly or indirectly personally interested.

17 (b) A majority of the Board of Directors shall con-
18 stitute a quorum.

19 (c) The Board of Directors shall adopt such bylaws as
20 are necessary for the proper management and functioning of
21 the Export-Import Bank of Washington, and may amend
22 the same.

23 (d) There shall be an Advisory Board consisting of
24 the Chairman of the Export-Import Bank of Washington,
25 who shall serve as Chairman, the Secretary of State, the

1 Secretary of the Treasury, the Secretary of Commerce, and
2 the Chairman of the Board of Governors of the Federal Re-
3 serve System, which shall meet at the call of the Chairman.

4 The Advisory Board may make such recommendations to the
5 Board of Directors as it deems advisable, and the Board
6 of Directors shall consult the Advisory Board on major ques-
7 tions of policy.

8 (e) Until October 31, 1945, or until at least two of
9 the members of the Board of Directors to be appointed have
10 qualified as such directors, whichever is the earlier, the affairs
11 of the Bank shall continue to be managed by the existing
12 Board of Trustees.

13 (f) The Export-Import Bank of Washington shall con-
14 stitute an independent agency of the United States and
15 neither the Bank nor any of its functions, powers, or duties
16 shall be transferred to or consolidated with any other depart-
17 ment, agency, or corporation of the Government unless
18 the Congress shall otherwise by law provide.

19 SEC. 4. The Export-Import Bank of Washington shall
20 have a capital stock of \$1,000,000,000 subscribed by the
21 United States. Payment for \$1,000,000 of such capital
22 stock shall be made by the surrender to the Bank for can-
23 cellation of the common stock heretofore issued by the
24 Bank and purchased by the United States. Payment for

1 \$174,000,000 of such capital stock shall be made by the
2 surrender to the Bank for cancellation of the preferred stock
3 heretofore issued by the Bank and purchased by the Recon-
4 struction Finance Corporation. Payment for the \$825,-
5 000,000 balance of such capital stock shall be subject to
6 call at any time in whole or in part by the Board of
7 Directors of the Bank. For the purpose of making pay-
8 ments of such balance, the Secretary of the Treasury is
9 authorized to use as a public-debt transaction the proceeds
10 of any securities hereafter issued under the Second Liberty
11 Bond Act, as amended, and the purposes for which securi-
12 ties may be issued under that Act are extended to include
13 such purpose. Payment under this section of the subscrip-
14 tion of the United States to the Bank and repayments
15 thereof shall be treated as public-debt transactions of the
16 United States. Certificates evidencing stock ownership of
17 the United States shall be issued by the Bank to the Presi-
18 dent of the United States, or to such other person or persons
19 as he may designate from time to time, to the extent of
20 the common and preferred stock surrendered and other pay-
21 ments made for the capital stock of the Bank under this
22 section.

23 SEC. 5. (a) The Secretary of the Treasury shall pay
24 to the Reconstruction Finance Corporation the par value
25 of the preferred stock upon its surrender to the Bank for

1 cancellation. For the purpose of making such payments
2 to the Reconstruction Finance Corporation the Secretary
3 of the Treasury is authorized to use as a public-debt trans-
4 action the proceeds of any securities hereafter issued
5 under the Second Liberty Bond Act, as amended, and the
6 purposes for which securities may be issued under that Act
7 are extended to include such purpose. Payment under this
8 subsection to the Reconstruction Finance Corporation shall
9 be treated as public-debt transactions of the United States.

10 (b) Any dividends on the preferred stock accumulated
11 and unpaid to the date of its surrender for cancellation shall
12 be paid to the Reconstruction Finance Corporation by the
13 Bank.

14 SEC. 6. The Export-Import Bank of Washington is
15 authorized to issue from time to time for purchase by the
16 Secretary of the Treasury its notes, debentures, bonds, or
17 other obligations; but the aggregate amount of such obliga-
18 tions outstanding at any one time shall not exceed two
19 and one-half times the authorized capital stock of the Bank.
20 Such obligations shall be redeemable at the option of the
21 Bank before maturity in such manner as may be stipulated
22 in such obligations and shall have such maturity and bear
23 such rate of interest as may be determined by the Board of
24 Directors of the Bank with the approval of the Secretary
25 of the Treasury. The Secretary of the Treasury is hereby

1 authorized and directed to purchase any obligations of the
2 Bank issued hereunder and for such purpose the Secretary
3 of the Treasury is authorized to use as a public-debt trans-
4 action the proceeds of any securities hereafter issued under
5 the Second Liberty Bond Act, as amended, and the pur-
6 poses for which securities may be issued under that Act
7 are extended to include such purpose. Payment under this
8 section of the purchase price of such obligations of the Bank
9 and repayments thereof by the Bank shall be treated as
10 public-debt transactions of the United States.

11 SEC. 7. The Export-Import Bank of Washington shall
12 not have outstanding at any one time loans and guaranties
13 in an aggregate amount in excess of three and one-half
14 times the authorized capital stock of the Bank.

15 SEC. 8. The provisions of the existing charter of the
16 Bank relating to the term of its existence, to the management
17 of its affairs, and to its capital stock are superseded by the
18 provisions of this Act and the Bank shall be exempt from
19 compliance with any provisions of law relating to the amend-
20 ment of certificates of incorporation or to the retirement
21 or increase of stock of District of Columbia corporations and
22 from the payment of any fee or tax to the Recorder of Deeds
23 of the District of Columbia determined upon the value or
24 amount of capital stock of the Bank or any increase thereof.

25 SEC. 9. The Export-Import Bank of Washington shall

1 transmit to the Congress semiannually a complete and detailed
2 report of its operations. The report shall be as of the close
3 of business on June 30 and December 31 of each year.

4 SEC. 10. Section 9 of the Act of January 31, 1935
5 (49 Stat. 4, ch. 2), as amended, is repealed.

6 SEC. 11. Notwithstanding the provisions of the Act of
7 April 13, 1934 (48 Stat., ch. 112, p. 574), any person, in-
8 cluding any individual, partnership, corporation, or associa-
9 tion, may act for or participate with the Export-Import
10 Bank of Washington in any operation or transaction, or may
11 acquire any obligation issued in connection with any operation
12 or transaction, engaged in by the Bank.

Passed the House of Representatives July 13, 1945.

Attest:

SOUTH TRIMBLE,

Clerk.

79TH CONGRESS
1ST Session

H. R. 3771

[Report No. 490]

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

July 16 (legislative day, July 9), 1945

Read twice and referred to the Committee on
Banking and Currency

July 19 (legislative day, July 9), 1945

Reported without amendment

INCREASING THE LENDING AUTHORITY OF THE EXPORT-
IMPORT BANK OF WASHINGTON

JULY 19 (legislative day, JULY 9), 1945.—Ordered to be printed

Mr. MURDOCK, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 3771]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The bill lays down the policy of Congress with respect to the loans of the Export-Import Bank; reorganizes the management of the bank; establishes it as an independent agency of Government; increases the lending authority of the bank and changes the method by which it obtains its funds; and removes certain restrictions on its operations.

The increase in the lending authority of the Export-Import Bank proposed in this legislation is necessary to enable the bank to expand the assistance it gives in facilitating the foreign trade of the United States through the financing of exports and imports and development projects abroad, and also to undertake part of the urgent new task of financing reconstruction in Europe and other devastated areas.

The testimony presented to the committee shows that the Export-Import Bank has virtually exhausted its loanable funds. As of June 30, 1945, the bank had outstanding loans of \$214,000,000 and undisbursed commitments of \$336,000,000. The sum of these amounts, \$550,000,000, was only \$150,000,000 less than the maximum amount of loans which it may have outstanding under existing legislation. Applications presently under consideration involve amounts sufficient to exhaust this remaining balance.

In the face of this shortage of funds, heavy demands are being made upon the bank for the extension of credit. These demands come principally from two directions. On the one hand, American exporters,

perceiving the opportunities for increasing their export business on a commercial basis because of the accumulated foreign demand for our products and the partial relaxation of export controls in the United States, are actively soliciting business in foreign countries. They find themselves, as before the war, under the necessity of selling on terms appropriate to the type of commodity involved, the ability of the foreign buyer to pay, and the competition offered by competing suppliers. Under these conditions, exporters are applying in increasing numbers to the Export-Import Bank for credit assistance which is not obtainable from private banks. The bank should be in a position to meet these demands.

At the same time, governments of foreign countries and their agencies are coming to the bank seeking financial assistance for the purchase of American equipment and materials to be used in connection with reconstruction and development projects. Insofar as the Latin-American countries are concerned, this is a function which the Export-Import Bank has performed for a number of years on an increasing scale and one which it should be in a position to continue in the interest both of creating immediate markets for our products and of so strengthening the economies of the Latin-American countries that they will be steadily growing markets for American goods.

The problem with respect to the liberated countries of Europe becomes daily more urgent. These countries cannot expect, under the established policies of this Government, to receive via lend-lease equipment and materials for the restoration of their economies. Although some of the countries have limited resources of their own which can be used to finance purchases in the United States in part, their requirements are large and there are other claims upon these resources which must be satisfied. Furthermore, it will naturally be some time before they are in a position to export goods and services as a means of paying currently for what they buy from the United States and other suppliers.

The demands upon the Export-Import Bank both from our own foreign traders wanting to reopen markets abroad and from foreign countries wishing to renew their purchases from the United States can be met, provided only suitable financing is available. In view of the fact that it is an established operating agency of Government with 11 years of successful experience behind it, the Export-Import Bank would seem to be the obvious vehicle for the financing on a sound basis of our foreign trade to the extent that private financing is not available.

It cannot be emphasized too strongly that the maintenance of foreign markets for our products through adequate private and governmental financing will materially ease the problem of reconversion in the United States. This follows from the fact that the products which are most in demand by foreign countries are the products produced by the very industries which have been most expanded during the war. Domestic manufacturers applying to the Export-Import Bank for assistance in financing their foreign sales have repeatedly indicated that, unless markets for their products can be found in foreign countries, they will be obliged because of the decline in domestic demand for war purposes to curtail their operations or in many instances to close down altogether.

The committee has considered the relation between the past and future operations of the Export-Import Bank and other activities

authorized or about to be authorized by Congress with a bearing on the financing of foreign trade. These other activities will not remove the necessity for the operations of the Export-Import Bank contemplated under this legislation.

Funds of UNRRA are to be used strictly for relief purposes and not for the financing of our foreign trade during the period of reconstruction which lies ahead. Lend-lease will not be used for reconstruction in Europe or elsewhere, and therefore does not in any sense meet the rehabilitation problems of the liberated countries. It might be noted that the present bill will permit the Export-Import Bank to carry out the President's recommendation that it finance portions of the 3 (c) lend-lease agreements.

So far as the Bretton Woods institutions are concerned, it should be recognized that, although the proposed International Bank may eventually be the principal avenue for dollar credits to foreign countries for reconstruction and development, it will not be in effective operation for many months. Furthermore, even after the International Bank is in full operation, there will undoubtedly be a need for a strictly national agency in the field of foreign trade financing. This is partly because there are certain types of financing in which the International Bank will not engage and partly because there are certain national purposes to be served through an institution such as the Export-Import Bank. The operations of the Export-Import Bank and the policies of our representatives in the International Bank will be coordinated by the National Advisory Council already provided for in the Bretton Woods legislation.

HISTORY AND ORGANIZATION OF THE EXPORT-IMPORT BANK

The Export-Import Bank of Washington was established in 1934 by Executive order to help promote the recovery of our foreign trade.

The Congress continued the bank as an agency of the United States in January 1935 and gave it, in addition to its powers in the charter, certain additional powers to be exercised for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and other countries. Through subsequent legislation, the Congress continued the bank until January 22, 1947.

When the bank was created there was no limitation imposed by law upon its lending authority. In 1939, the Congress provided that loans outstanding at any one time should not exceed \$100,000,000. The limit was increased to \$200,000,000 in March 1940 and to \$700,000,000 in September 1940.

From 1934 until July 1939 the bank operated as an independent agency. In 1939 the bank was made a part of the Federal Loan Agency under Reorganization Plan I and in 1942, the bank was placed by Executive order under the Office of the Secretary of Commerce. In July 1943 it was transferred to the Office of Economic Warfare and later in the same year to the Foreign Economic Administration. The operations of the bank have continued to be administered by its president subject to the direction of the Foreign Economic Administrator and the board of trustees of the bank under the chairmanship of the Administrator.

The bank has presently outstanding \$1,000,000 of common stock issued jointly to the Secretaries of State and Commerce and \$174,000,000 of preferred stock sold to the Reconstruction Finance Corporation. The bank has obtained all of its funds from the Reconstruction Finance Corporation with the exception of the original \$1,000,000 from the Secretaries of State and Commerce and such funds as it derived from its earnings.

Under its charter, the bank is controlled by a board of 11 trustees elected annually by its shareholders subject to the approval of the President of the United States. In the interim between board meetings the powers of the board are exercised by an executive committee of 7 trustees. Loans are made only after formal authorization by the board of trustees or the executive committee.

The bank has engaged in a wide variety of transactions to carry out the fundamental purposes of Congress of promoting the export and import trade of the United States either directly or indirectly. It has extended short-term loans to finance United States agricultural and industrial exports and medium- and long-term loans to other countries for development projects, has guaranteed export credits, has underwritten letters of credit, and has extended lines of revolving credit to small United States exporters and importers. The activities of the bank have been limited to financing of a character or an amount not obtainable solely from private sources, to avoid competition with private institutions.

From its organization to June 30 of this year, the Export-Import Bank had authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$429,000,000 were canceled either because the applicants found they did not require them or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$504,000,000, of which \$290,000,000 have been repaid.

Returning a profit is not the major objective of the bank. Nevertheless, it is the policy of the bank's management not only to meet all administrative expenses out of earnings, but also to accumulate a reasonable reserve against possible losses and thus keep the agency self-sustaining. The earnings of the bank from its organization to date, after payment of all administrative expenses, have amounted to approximately \$42,000,000. The bank has paid dividends of over \$18,000,000 on the present stock held by the Reconstruction Finance Corporation. This leaves undivided profits of about \$24,000,000.

The committee is not aware of any substantial opposition to the proposed increase in the lending authority of the Export-Import Bank. It is especially notable that the legislation has the active support of the private banking community.

EXPLANATION OF THE BILL BY SECTIONS

SECTION 1

Section 1 provides that the act may be cited as the "Export-Import Bank Act of 1945."

SECTION 2

Section 2 deals with the powers of the bank and states the policy of Congress with respect to loans to be made by the bank.

Subsection (a) continues the existing Export-Import Bank of Washington, a banking corporation organized under the laws of the District of Columbia, as an agency of the United States. It continues the existing powers under the bank's charter and restates and clarifies the powers conferred upon the bank by statute to make loans, to discount, rediscount, or guarantee notes, drafts, bills of exchange, and other evidences of debt or to participate in the same for the purposes of promoting the foreign trade of the United States.

Subsection (b) provides that it is the policy of the Congress that the bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment.

SECTION 3

Section 3 provides for the management of the Bank.

Subsection (a) (1) establishes by law the Board of Directors of the bank which is to consist of the Foreign Economic Administrator as Chairman, the Secretary of State, and three persons appointed by the President with the advice and consent of the Senate. The Secretary of State may, to such extent as he deems it advisable, designate to act for him in the discharge of his duties as a member of the Board any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

Subsection (a) (2) provides that if the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the Administrator of the Foreign Economic Administration will no longer be a member of the Board, and the President is to appoint a member to take his place. In that event the Chairman of the Board will be designated by the President.

Subsection (a) (3) requires that not more than three directors may be members of any one political party. The term of each of the appointed directors is to be 5 years and the salary \$12,000 per annum unless the director is an officer of the bank in which event he may elect to receive the salary of such officer.

Subsection (b) provides that a majority of the Board of Directors shall be a quorum.

Subsection (c) empowers the Board of Directors to adopt such by-laws as are necessary for the management and functioning of the bank.

Subsection (d) establishes an advisory board with the same composition as the National Advisory Council on International Monetary and Financial Problems provided for in the Bretton Woods Agreements Act, except that the Chairman of the Board of Directors of the bank serves as Chairman in lieu of the Secretary of the Treasury.

Subsection (e) provides that until October 31, 1945, or until two of the appointed members of the Board of Directors have qualified, whichever is the earlier, the affairs of the bank shall continue to be managed by the existing board of trustees.

Subsection (f) establishes the bank as an independent agency of the United States Government and provides that its functions, powers, and duties shall not be transferred or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide:

SECTIONS 4 AND 5

Sections 4 and 5 provide for the capital structure of the bank.

A capital stock of \$1,000,000,000 is authorized. Outstanding common and preferred stock is to be surrendered to the bank and canceled. The Secretary of the Treasury is to pay the Reconstruction Finance Corporation the par value of the preferred stock which the Reconstruction Finance Corporation will surrender. Of the authorized amount of capital stock of \$1,000,000,000, payment for \$175,000,000, equivalent to the par value of the outstanding preferred and common stock, will be made by the surrender of such stock. Payment for the balance, \$825,000,000, will be made by the Secretary of the Treasury at the call of the Board of Directors of the bank. Authorization is given to the Secretary of the Treasury to finance these payments as public-debt transactions.

SECTION 6

Section 6 authorizes the bank to issue obligations for purchase by the Secretary of the Treasury in an amount not to exceed 2½ billion dollars. The Secretary of the Treasury is authorized to finance these purchases as a public-debt transaction.

SECTION 7

Section 7 provides that the bank shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and a half times the authorized capital stock of the bank.

SECTION 8

Section 8 provides that the provisions of the existing charter relating to the term of existence of the bank, its management, and to its capital stock are superseded by this legislation, and exempts the bank from complying with any law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of fees or taxes to the District of Columbia in connection with the capital stock of the bank.

SECTION 9

Section 9 requires the bank to transmit semiannual reports of operations as of the close of business on June 30 and December 31 of each year.

SECTION 10

Section 10 repeals existing legislation pertaining to the bank contained in section 9 of the act of January 31, 1935, as amended.

SECTION 11

Section 11 relieves from the prohibition against loans to foreign governments in default on their obligations to the United States Government as of April 13, 1934, contained in the Johnson Act, any person, including any individual, partnership, corporation, or association, who acts for or participates with the bank in any operation or transaction or acquires any obligation issued in connection with any operation or transaction engaged in by the bank.



SENATE

8. PRICE CONTROL. Passed without amendment S. 1204, to amend the Price Control Act so as to require the Secretary of Agriculture's written approval on regulations, etc., pertaining to fish (p. 7973).
9. EXPORT-IMPORT BANK. Passed without amendment H.R. 3771, to increase the lending authority of the Export-Import Bank of Washington (pp. 7958-71, 7977, 7980).
10. INSECT CONTRL. Discussed and passed over S. 1250, to reimburse certain fruit growers for damages sustained as the result of the Federal Government's campaign to eradicate the Mediterranean fruitfly (p. 7975).
11. FOOD AND AGRICULTURE ORGANIZATION. Began debate on H.J. Res. 145, to provide for U. S. membership in the FAO (pp. 7977-81, 7981-9, 7995-7).
Agreed to a resolution for the consideration of this bill (pp. 7995-6).
Sen. Barkley, Ky., stated that the Secretary of Agriculture supports this measure (pp. 7984-5).
12. REGIONAL AUTHORITY. Discussed and passed over S. 1260, to amend the Bonneville Power Project Act so as to improve administrative procedures (p. 7974).
13. SURPLUS PROPERTY. Agriculture and Forestry Committee reported without amendment S. 1224, to amend the Surplus Property Act so as to "grant former owners of real property acquired by the Government after December 31, 1929, the first priority to repurchase such property when it is declared surplus by the Government" (S. Rept. 505). This bill was referred to the Military Affairs Committee. (p. 7956).
14. FOOD SUPPLY. Sen. Morese, Oreg., and others discussed the Oreg. lamb situation (p. 7989-95).
15. FOOD PRODUCTION. Sen. Guffey, Pa., commended the war-food-production program (pp. 7971-2).
16. FULL-EMPLOYMENT BUDGET: Sen. Wagner, N.Y., inserted former Secretary Morgenthau's report favoring S. 380, the full-employment bill (pp. 7955-6).
17. PERSONNEL CEILINGS. Received this Department's estimate of personnel requirements for the quarter ending June 30, 1945. To Civil Service Committee. (p. 7956).
18. PUBLIC LANDS. Public Lands and Surveys Committee reported without amendment H.R. 2613, to authorize the War Food Administrator or the Secretary of Agriculture to adjust boundary disputes by settling claims to certain so-called Sebastian Martin grant lands in N. Mex. (S. Rep. 504 (p. 7956).
Passed without amendment H.R. 2285, to authorize the Secretary of Agriculture to convey certain U.S. lands to Springfield Township, Montgomery County, Pa., for highway and for ornamental park purposes (p. 7972). This bill will now be sent to the President.
19. ROADS. Passed without amendment H.R. 169, to continue the provisions of Sec. 8 (relating to access roads) of the Federal Highway Act, as amended, Public 146, 78th Cong., until Jan. 1, 1947 (p. 7972). This bill will now be sent to the President.

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued July 21, 1945, for actions of Friday, July 20, 1945)

(For staff of the Department only)

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HIGHLIGHTS: House passed and sent to the President the bill transferring certain RFC subsidies to CCC. Senate passed and sent to the President the bill increasing Export-Import Bank's lending authority. Senate passed bill requiring Sec. of Agriculture's written approval on fish regulations. Rep. Latham criticized export of rationed foods. Senate began debate on U.S. FAO-membership measure.

HOUSE

1. C.C.C. SUBSIDIES. Passed without amendment S. 1270, providing for transfer of RFC subsidy-payment programs for meat, flour, and butter to CCC in order that "the subsidies, instead of being paid to the processor, shall be true production subsidies and shall be paid to the producer" (pp. 8004-8). This bill will now be sent to the President.
2. BRETTON WOODS AGREEMENTS. Concurred in the Senate amendments to H.R. 3314, providing for U.S. participation in the International Monetary Fund and the International Bank for Reconstruction and Reconversion (p. 8003). This bill will now be sent to the President.
3. SUGAR DISTRIBUTION. Rep. Flood, Pa., criticized "discrimination" in the distribution of sugar for canning purposes (p. 8009).
4. FOOD SUPPLY. Rep. Latham, N.Y., criticized the "unlimited and uncontrolled" shipments of foodstuffs (including rationed commodities) point free to Europeans and urged that the Secretary of Agriculture "put an immediate stop to this practice" (pp. 8018-9).
5. TAXATION; RECONVERSION. Concurred in the Senate amendment to H.R. 3633, the tax bill to facilitate reconversion (pp. 8003-4). This bill will now be sent to the President.
6. RESEARCH. Rep. Randolph, W.Va., urged favorable consideration of his bill H.R. 3860 and S. 1285 by Sen. Magnuson, Wash.; to provide for the formulation of a scientific research program (p. 8009).
7. PATENTS Committee reported without amendment H.R. 3756, to require the recording of agreements relating to patents (H.Rept. 932) and H.R. 3757, to provide for public registering of patents available for licensing (H.Rept. 933) (p. 8021).

SEA-AIR POWER—ARTICLE BY SENATOR WALSH

[Mr. WALSH asked and obtained leave to have printed in the RECORD an article entitled "Sea-Air Power," written by him and published in the July number of Sea Power, which appears in the Appendix.]

IN-PLANT FEEDING—PAPER READ BY WILLIAM R. DAVIS

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a paper entitled "In-Plant Feeding," read to the In-Plant Feeding Conference held at Bellevue-Stratford Hotel, Philadelphia, Pa., March 21, 1945, by Mr. William R. Davis, which appears in the Appendix.]

THE FEPC—ARTICLES BY LOWELL MELLETT

[Mr. CHAVEZ asked and obtained leave to have printed in the RECORD four articles by Lowell Mellett published in the Washington Evening Star, which appear in the Appendix.]

PRESERVATION OF FREEDOM IN AMERICA—EDITORIAL COMMENT ON ADDRESS BY HON. JAMES A. FARLEY

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial from the Salt Lake City Deseret News of June 29, 1945, commenting upon an address delivered in Salt Lake City by former Postmaster General James A. Farley, which appears in the Appendix.]

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senator answered to their names:

Alken	Gurney	Murray
Andrews	Hart	Myers
Austin	Hatch	O'Daniel
Ball	Hawkes	O'Mahoney
Barkley	Hayden	Radcliffe
Bilbo	Hickenlooper	Revercomb
Brewster	Hill	Robertson
Briggs	Hoey	Russell
Brooks	Johnson, Colo.	Saltonstall
Buck	Johnston, S. C.	Shipstead
Burton	Kilgore	Smith
Bushfield	La Follette	Stewart
Butler	Langer	Taft
Byrd	Lucas	Taylor
Capehart	McCarran	Thomas, Okla.
Capper	McClellan	Tobey
Chandler	McFarland	Tunnell
Chavez	McKellar	Tydings
Cordon	McMahon	Vandenberg
Donnell	Magnuson	Wagner
Downey	Maybank	Walsh
Eastland	Mead	Wheeler
Ellender	Millikin	Wherry
Ferguson	Mitchell	White
Fulbright	Moore	Wiley
George	Morse	Willis
Guffey	Murdock	Young

Mr. HILL. Mr. President, I announce that the senior Senator from Virginia [Mr. GLASS] is absent because of illness.

The Senator from Florida [Mr. PEPPER] is absent because of the death of his father.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. OVERTON], and the Senator from Utah [Mr. THOMAS] are absent attending to public business.

Mr. WHERRY. The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. REED], and the Senator from Iowa [Mr. WILSON] are absent on official business.

The Senator from Idaho [Mr. THOMAS] is absent because of illness.

The PRESIDING OFFICER (Mr. HOEY in the chair). Eighty-one Senators have answered to their names. A quorum is present.

LOCATION OF PEACE CAPITAL IN UNITED STATES

Mr. WILEY. Mr. President, on July 12, 1945, I introduced, with brief comments, Senate Concurrent Resolution 20, which provides as follows:

Resolved by the Senate (the House of Representatives concurring), That the United Nations be, and hereby are, invited to locate the seat of the United Nations Organization within the United States of America.

My purpose in introducing this resolution was not to have designated any particular place within the United States which would serve as the home of the United Nations. There are many American localities which possess exceptional historical, cultural, natural, and other qualifications to become the "peace capital."

Rather, my purpose was to have the Senate and the House go on record so as to indicate, on behalf of the American people, that they feel that the seat of the world organization should be on free American soil.

Mr. President, today the Big Three are meeting at Potsdam, 10 miles west of Berlin.

What a wonderful thing it would be if President Truman could receive word soon that Congress had taken the first step, the issuance of this invitation, to insure that the permanent headquarters of the new league were on a far more democratic site than Potsdam.

The issuance of so frank and forthright an American invitation would strengthen the President's hand in his dealing with Churchill and Stalin.

It would lend added emphasis to our ratification of the United Nations Charter.

It would signify that America intends to assert her right of leadership.

It would signify that we intend to snap out of the inferiority complex which has dogged our relationships with Europe. It would signify that we no longer intend to play a "weak sister" in world diplomacy, or "a second fiddle" to Britain, Russia, or any other power.

The New World—this beloved country of ours—made it possible to defeat the Axis. Last year, for example, we produced almost as much in the way of arms as the Axis and our allies combined. We do not discount the war effort of our gallant allies, their sacrifices in blood and treasure. But they know that without us victory would have been impossible.

Why should we not take pride in our might and in the meaning of our free institutions to the world? Why should we continue to hang back in false modesty in fear of proclaiming the glory of our works and of our free spirit?

In my previous speech, I stressed the reasons why the acorn of peace could best grow in American soil to a sturdy oak.

I cited the reasons why our America would provide the best home for the

United Nations. For ours is a home where the "four freedoms" exist in fact, rather than in hope alone, where the courts are open to the humblest, where Government is the servant and not the master, where the humblest in the land can aspire to the highest political, economic and social accomplishment, where the poorest is blessed with the best things of life—freedom and opportunity.

But now let me indicate why many lands other than America should be disqualified as locations for the peace capital:

First. The peace capital must not be placed at a scene of past failures, past mistakes, past intrigues, past hates, past fears. This would rule out Geneva, Switzerland, site of the old League of Nations, however, worthy may be the qualifications of that city. It would also rule out Vienna, scene of many a past conference which failed, Vienna, which is but a shell of its former self.

Second. The peace capital must not be placed in an area which is within the orbit of dictatorship. Dictatorship is still too prevalent in the world, yes, in the Western Hemisphere it is too prevalent. The New World organization is supposed to open a new era, an era of freedom. It must not be suffocated by being placed in an area or near an area of censorship, of one-party control, of secret police.

This means, bluntly, that the new organization must not be set up within Europe, Europe, with its intense conflict of interests.

Some will say that the "Peace Capital" should not be set up within the territory of any great power, but only in that of a small power. To that I say that so long as democratic processes prevail in the United States, and every dissenting opinion has a chance to be aired, broadcast, and printed, there need be no fear of the American Government exercising influence on the world organization within its borders.

Let us not blink at these truths. Let us have the courage of our convictions, of our faith in America.

The governors of our States have expressed their faith in America. The Thirty-seventh Annual Governors' Conference unanimously passed a resolution inviting the United Nations to locate their peace capital here.

I therefore respectfully urge that immediate action be taken on Senate Concurrent Resolution 20, that this action be taken either prior to or simultaneous with our action on the United Nations Charter.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1308) for the relief of Sam Swan and Aily Swan.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 592. An act for the relief of the estate of James Arthur Wilson, deceased;

S. 714. An act to amend the act entitled "an act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended; and

H. R. 1308. An act for the relief of Sam Swan and Aily Swan.

INCREASE IN LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. MURDOCK. Mr. President, it is my intention to make a very brief statement concerning the measure pending before the Senate, which is House bill 3771, to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. President, the bill to provide for increasing the lending authority of the Export-Import Bank, which was reported out unanimously by the Banking and Currency Committee, requires no lengthy explanation and should occupy the Senate but briefly. The bank itself has behind it 11 years of successful experience. It can be depended upon to continue to use its available funds to the benefit of our foreign trade. The need for additional funds is urgent, as is also the need for removing existing restrictions on loans by the bank and by private persons to countries in default on their obligations to the United States.

In the years after the war we shall have the capacity and ability to turn out a much greater volume of goods than in 1939. The United States will always be its own best customer. However, in order to attain continuing high levels of employment and production, the United States will need to look to outlets for its products on a scale vastly larger than ever before. Such outlets are already available in the markets of the many countries of the world.

In Europe and the Far East, homes have been destroyed or devastated, factories looted, transportation and communications systems wrecked, and industries closed for lack of raw materials and adequate machinery. At the same time, many large areas, not devastated by the war, are on the threshold of a new era of industrialization and development. A great need exists and a vast market awaits the output of our industry, labor, and agriculture.

Many of the countries in need of American products do not have the dollars with which to make their purchases in the United States. Lend-lease aid is not available for reconstruction purposes. Help will not be immediately provided by the new International Bank for Reconstruction and Development, because it will not be in operation for some time to come. Many of our exporters, businessmen and farmers, large and small, do not have sufficient resources to extend the credit terms that are needed to enable them to sell to the largest market that ever awaited their goods. Other uncertain economic conditions resulting from the war have created risks which private capital alone may be unwilling

or unable to assume in the period ahead.

The committee believes that it is to our advantage to sell to other countries the products of our industries and farms for the purposes of reconstruction and development. This Nation has always found that its best customers were the countries whose standards of living were high, and whose industries were well developed. With production facilities rebuilt or expanded, other countries will be able to sell their goods to us, to service and pay their debts more readily, and to buy more goods from us.

An important byproduct will be the benefits which this country and the world will receive in terms of world peace and political and economic stability. Closed factories, idle capital, and widespread unemployment breed war and rebellion as well as depression. They cause economic chaos and instability which will always constitute grave threats to the peace of the world and to democracy. Financial help from abroad is necessary to stabilize the war-devastated countries economically and to start them on the road to recovery.

We believe that the increase in the lending authority of the bank proposed in H. R. 3771 is necessary to enable the Export-Import Bank to expand the assistance it has given in facilitating the foreign trade of the United States through the financing of development projects abroad, and also to undertake part of the urgent new task of financing reconstruction in Europe and other devastated areas. The proposed legislation will also permit the Export-Import Bank to carry out the President's recommendation that it finance portions of the 3 (c) lend-lease agreements.

The Export-Import Bank has engaged during the past 11 years in a considerable variety of operations to help our exporters and importers. It has maintained a desirable flexibility in its operations in order that it might meet the needs of both large and small exporters and offer new facilities to foreign traders as changing conditions require. It has done this through the extension of credit to United States exporters and importers to finance specific export and import transactions. For example, an individual exporter comes to the bank and indicates that he has an opportunity to sell certain equipment, say machinery, or certain materials, such as raw cotton, to a foreign buyer. However, the commodity is of such a character or customary terms are such that either short- or medium-term credit is required. The applicant represents that he cannot himself provide the credit, usually because of his limited capital resources. He represents further that the credit is of such a character or in such an amount that commercial banks to which he has applied are not in a position to assist him to the extent required. Under these conditions, the Export-Import Bank, after a full investigation of the facts in the case, may extend a credit to help him.

The Export-Import Bank is faced at present with a heavy demand for this type of credit for reasons which will be apparent. Foreign markets which have been partially or completely closed during the war are being reopened. Pent-

up demands for our products, especially for capital equipment requiring extended terms of payment, is on an unprecedented scale. Furthermore, it will be necessary for American exporters, if they are to expand their markets to meet postwar demands, to extend credits.

I think there will be no dissent from the view that the Export-Import Bank should be given resources adequate to enable it to engage in the financing of foreign trade of the type which I have just described. It is a strictly commercial type of business undertaken at a reasonable risk, and the benefits to our foreign trade and to our whole economy are obvious.

I take it that Senators are generally familiar with the history of the Export-Import Bank. The bank was established in 1934. Its record during the 11 years that it has been in existence has been an outstanding one. Although the operations of the bank have been on a relatively small scale—partly because of its limited resources and partly because it has assiduously avoided taking business away from private institutions—the bank has been nevertheless completely self-supporting and has accumulated a reserve against possible losses. The avoidance of competition with private lending institutions has been a basic principle governing the bank's activities.

The Bretton Woods legislation has wisely provided for a National Advisory Council which will coordinate the activities of the Export-Import Bank and the policies of our representative on the International Bank. The present bill provides for an advisory board to the Export-Import Bank composed of the same persons who constitute the National Advisory Council. Moreover, the Congress itself will have full opportunity periodically to review the operations of the Export-Import Bank.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. TAFT. On the question which the Senator has just raised, as to the powers of the Advisory Board, in the bill which we passed yesterday there is set up a board composed of the Secretary of the Treasury as Chairman, the Secretary of State, the president of the Export-Import Bank, the Secretary of Commerce, and the head of the Federal Reserve Board, who are given power to direct the activities of the representative of the United States on the Fund and Bank, and also to coordinate with them the activities of the Export-Import Bank. As I read that provision, that Board probably has power to issue directives to the Export-Import Bank with respect to policy, and perhaps with respect to particular loans. In this bill we have the same Board or committee set up, except that now the head of the Export-Import Bank is chairman, instead of the Secretary of the Treasury, and the Board seems to be given only advisory power. Does the Senator think that the fact that the Board created by the pending bill would have only advisory powers in any way modifies the power given to the Board in the bill passed yesterday over all foreign lending by the United States?

Mr. MURDOCK. As I understand and construe the provisions in the new bill, there is no conflict whatever. As the Senator has stated, we have the identical personnel on both advisory boards. However, the Secretary of the Treasury is Chairman of one Board and the President of the Export-Import Bank is chairman of the other Board. It is my opinion that the Board established under the Bretton Woods bill is given full power to coordinate the functions of the International Bank and the functions of other lending agencies serving similar purposes, including the Export-Import Bank. Suppose there were an overlapping of functions as between the International Bank and the Export-Import Bank. It is my position that in a situation of that kind the Board set up to coordinate activities could direct the Export-Import Bank to cease certain types of loans, let us say, which are overlapping or duplicating loans made by the International Bank. But it seems to me that there is no conflict, and that there can be no conflict between the functions of the Board advising the International Bank and the Board, consisting of the same personnel, advising the Export-Import Bank. I can see no conflict.

Mr. TAFT. I should like to have it understood that this bill in no way modifies the provisions of the bill passed yesterday. As I understand the Senator's statement, whatever powers were given to the Board in the bill relating to Bretton Woods would not in any way be modified by the passage of this bill today. Is that true?

Mr. MURDOCK. That is my opinion.

Mr. TAFT. I think it is very important that the powers which we gave to the Board yesterday to coordinate all foreign lending of the United States should not be impaired. As I understand the Senator, he says that it is not the intention by this bill to impair whatever powers were given in the bill passed yesterday.

Mr. MURDOCK. That is my position, and I am glad to be in agreement with the Senator.

The need for quick action on the bill before us arises from the fact that the Export-Import Bank has virtually exhausted its loanable funds. As of June 30, it had outstanding loans of \$214,000,000 and undisbursed commitments of \$336,000,000. The sum of these two items is \$550,000,000, or only \$150,000,000 less than the maximum amount of loans which the bank is permitted to have outstanding under existing legislation. In the meantime, the bank has authorized additional credits amounting to approximately \$100,000,000 and has before it for consideration a number of other projects which are being held in abeyance because of lack of funds.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. LANGER. Has the Senator with him a list of such loans, showing who owes the money?

Mr. MURDOCK. I have not a list of them.

Mr. LANGER. Are the loans owed to us by foreign governments or foreign corporations?

Mr. MURDOCK. I should say that the loans could be owing to us from foreign corporations or foreign governments; but I think the Senator will find—at least, it is my assumption—that the large bulk of the loans consists of loans to our own importers and exporters. The very purpose of the bank is to support and increase, wherever possible, the foreign trade of the United States.

Mr. LANGER. The reason I ask the question is that it is claimed that the bank has made a profit.

Mr. MURDOCK. That is true.

Mr. LANGER. What I wish to know is whether the Senator's committee has checked over the loans to find out whether or not there are some bad loans among them.

Mr. MURDOCK. I think there are some bad loans admitted by the bank, and my information is that the total is about \$250,000.

Mr. LANGER. Of bad loans?

Mr. MURDOCK. Of bad loans, but which the bank feels may be worked out and something realized from them.

Mr. LANGER. Did the Senator's committee go over the loans at the time it considered the proposed legislation?

Mr. MURDOCK. Not the individual loans.

Mr. LANGER. I notice that a report must be made every 6 months.

Mr. MURDOCK. Yes.

Mr. LANGER. Does the Senator's committee receive the report, or does it go to the Secretary of the Treasury and the President?

Mr. MURDOCK. I am advised that the report goes not only to the Secretary of the Treasury, but also to the Congress; and I assume it is addressed to the Secretary of the Senate or to the Presiding Officer.

Mr. LANGER. I so assumed; and I wondered why we could not obtain a copy of that report.

Mr. MURDOCK. I think the Senator can obtain a copy. I will take it upon myself to see that he gets it.

Mr. LANGER. But the Senator does not have a copy of the report with him, does he?

Mr. MURDOCK. I do not have it with me.

Mr. President, the shortage of loanable funds is one of the two principal present obstacles to the effective operation of the Export-Import Bank. The other is the restriction in existing law on loans by the Bank to countries in default on their obligations to the United States and the related prohibition of the Johnson Act on private credits to such governments. The law applicable to the Bank prevents it from assisting certain European countries during the initial stages of their reconstruction and, by the same token, prevents it from helping to reopen these markets to American exporters. The law applicable to private persons prevents private banks from participating with the Export-Import Bank in financing trade with these countries regardless of the soundness of their credit or the extent of their need for assistance.

I pass over the other features of the bill with only brief comment. It provides for a change in the management

of the Bank so that it will be run by a board of five directors, including the Foreign Economic Administrator and the Secretary of State, and three full-time directors to be appointed by the President with the advice and consent of the Senate. It provides that the Bank shall be an independent agency of government and forbids the transfer of any of its functions or powers to any other agency of government except by act of Congress. It provides that the Bank shall be provided with capital of \$1,000,000,000 to be subscribed by the United States and that it may sell its obligations to the Treasury in an amount not to exceed two and a half times its capital stock. It further provides that the Bank may not have outstanding at any one time loans and guarantees in excess of three and one-half times its capital stock, or \$3,500,000,000.

Finally, Mr. President, the bill provides for complete and detailed semi-annual reports to the Congress on its operations.

Because of the urgency of the need, I urge the Senate to pass the bill without delay.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the report of the Committee on Banking and Currency on the bill.

There being no objection, the report (No. 490) was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3771) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The bill lays down the policy of Congress with respect to the loans of the Export-Import Bank; reorganizes the management of the bank; establishes it as an independent agency of government; increases the lending authority of the Bank and changes the method by which it obtains its funds; and removes certain restrictions on its operations.

The increase in the lending authority of the Export-Import Bank proposed in this legislation is necessary to enable the Bank to expand the assistance it gives in facilitating the foreign trade of the United States through the financing of exports and imports and development projects abroad, and also to undertake part of the urgent new task of financing reconstruction in Europe and other devastated areas.

The testimony presented to the committee shows that the Export-Import Bank has virtually exhausted its loanable funds. As of June 30, 1945, the Bank had outstanding loans of \$214,000,000 and undisbursed commitments of \$336,000,000. The sum of these amounts, \$550,000,000, was only \$150,000,000 less than the maximum amount of loans which it may have outstanding under existing legislation. Applications presently under consideration involve amounts sufficient to exhaust this remaining balance.

In the face of this shortage of funds, heavy demands are being made upon the Bank for the extension of credit. These demands come principally from two directions. On the one hand, American exporters, perceiving the opportunities for increasing their export business on a commercial basis because of the accumulated foreign demand for our products and the partial relaxation of export controls in the United States, are actively so-

liciting business in foreign countries. They find themselves, as before the war, under the necessity of selling on terms appropriate to the type of commodity involved, the ability of the foreign buyer to pay, and the competition offered by competing suppliers. Under these conditions, exporters are applying in increasing numbers to the Export-Import Bank for credit assistance which is not obtainable from private banks. The Bank should be in a position to meet these demands.

At the same time, governments of foreign countries and their agencies are coming to the bank seeking financial assistance for the purchase of American equipment and materials to be used in connection with reconstruction and development projects. Insofar as the Latin-American countries are concerned, this is a function which the Export-Import Bank has performed for a number of years on an increasing scale and one which it should be in a position to continue in the interest both of creating immediate markets for our products and of so strengthening the economies of the Latin-American countries that they will be steadily growing markets for American goods.

The problem with respect to the liberated countries of Europe becomes daily more urgent. These countries cannot expect, under the established policies of this Government, to receive via lend-lease equipment and materials for the restoration of their economies. Although some of the countries have limited resources of their own which can be used to finance purchases in the United States in part, their requirements are large and there are other claims upon these resources which must be satisfied. Furthermore, it will naturally be some time before they are in a position to export goods and services as a means of paying currently for what they buy from the United States and other suppliers.

The demands upon the Export-Import Bank both from our own foreign traders wanting to reopen markets abroad and from foreign countries wishing to renew their purchases from the United States can be met, provided only suitable financing is available. In view of the fact that it is an established operating agency of Government with 11 years of successful experience behind it, the Export-Import Bank would seem to be the obvious vehicle for the financing on a sound basis of our foreign trade to the extent that private financing is not available.

It cannot be emphasized too strongly that the maintenance of foreign markets for our products through adequate private and governmental financing will materially ease the problem of reconversion in the United States. This follows from the fact that the products which are most in demand by foreign countries are the products produced by the very industries which have been most expanded during the war. Domestic manufacturers applying to the Export-Import Bank for assistance in financing their foreign sales have repeatedly indicated that, unless markets for their products can be found in foreign countries, they will be obliged because of the decline in domestic demand for war purposes to curtail their operations or in many instances to close down altogether.

The committee has considered the relation between the past and future operations of the Export-Import Bank and other activities authorized or about to be authorized by Congress with a bearing on the financing of foreign trade. These other activities will not remove the necessity for the operations of the Export-Import Bank contemplated under this legislation.

Funds of UNRRA are to be used strictly for relief purposes and not for the financing of our foreign trade during the period of reconstruction which lies ahead. Lend-lease will not be used for reconstruction in Europe or elsewhere, and therefore does not in any sense meet the rehabilitation problems of the liberated countries. It might be noted that the present bill will permit the Export-Import

Bank to carry out the President's recommendation that it finance portions of the 3 (c) lend-lease agreements.

So far as the Bretton Woods institutions are concerned, it should be recognized that, although the proposed International Bank may eventually be the principal avenue for dollar credits to foreign countries for reconstruction and development, it will not be in effective operation for many months. Furthermore, even after the International Bank is in full operation, there will undoubtedly be a need for a strictly national agency in the field of foreign-trade financing. This is partly because there are certain types of financing in which the International Bank will not engage and partly because there are certain national purposes to be served through an institution such as the Export-Import Bank. The operations of the Export-Import Bank and the policies of our representatives in the International Bank will be coordinated by the National Advisory Council already provided for in the Bretton Woods legislation.

HISTORY AND ORGANIZATION OF THE EXPORT-IMPORT BANK

The Export-Import Bank of Washington was established in 1934 by Executive order to help promote the recovery of our foreign trade.

The Congress continued the Bank as an agency of the United States in January 1935 and gave it, in addition to its powers in the charter, certain additional powers to be exercised for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and other countries. Through subsequent legislation, the Congress continued the bank until January 22, 1947.

When the Bank was created there was no limitation imposed by law upon its lending authority. In 1939 the Congress provided that loans outstanding at any one time should not exceed \$100,000,000. The limit was increased to \$200,000,000 in March 1940 and to \$700,000,000 in September 1940.

From 1934 until July 1939 the Bank operated as an independent agency. In 1939 the Bank was made a part of the Federal Loan Agency under Reorganization Plan I and in 1942 the Bank was placed by Executive order under the office of the Secretary of Commerce. In July 1943 it was transferred to the Office of Economic Warfare and later in the same year to the Foreign Economic Administration. The operations of the Bank have continued to be administered by its president subject to the direction of the Foreign Economic Administrator and the board of trustees of the Bank under the chairmanship of the Administrator.

The Bank has presently outstanding \$1,000,000 of common stock issued jointly to the Secretaries of State and Commerce and \$174,000,000 of preferred stock sold to the Reconstruction Finance Corporation. The Bank has obtained all of its funds from the Reconstruction Finance Corporation with the exception of the original \$1,000,000 from the Secretaries of State and Commerce and such funds as it derived from its earnings.

Under its charter, the Bank is controlled by a board of 11 trustees elected annually by its shareholders subject to the approval of the President of the United States. In the interim between board meetings the powers of the board are exercised by an executive committee of 7 trustees. Loans are made only after formal authorization by the board of trustees or the executive committee.

The Bank has engaged in a wide variety of transactions to carry out the fundamental purposes of Congress of promoting the export and import trade of the United States either directly or indirectly. It has extended short-term loans to finance United States agricultural and industrial exports and medium- and long-term loans to other countries for development projects, has guaranteed export

credits, has underwritten letters of credit, and has extended lines of revolving credit to small United States exporters and importers. The activities of the Bank have been limited to financing of a character or an amount not obtainable solely from private sources, to avoid competition with private institutions.

From its organization to June 30 of this year, the Export-Import Bank had authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$429,000,000 were canceled either because the applicants found they did not require them or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$504,000,000, of which \$290,000,000 have been repaid.

Returning a profit is not the major objective of the Bank. Nevertheless, it is the policy of the Bank's management not only to meet all administrative expenses out of earnings, but also to accumulate a reasonable reserve against possible losses and thus keep the agency self-sustaining. The earnings of the Bank from its organization to date, after payment of all administrative expenses, have amounted to approximately \$42,000,000. The Bank has paid dividends of over \$18,000,000 on the present stock held by the Reconstruction Finance Corporation. This leaves undivided profits of about \$24,000,000.

The committee is not aware of any substantial opposition to the proposed increase in the lending authority of the Export-Import Bank. It is especially notable that the legislation has the active support of the private banking community.

EXPLANATION OF THE BILL BY SECTIONS

Section 1

Section 1 provides that the act may be cited as the "Export-Import Bank Act of 1945."

Section 2

Section 2 deals with the powers of the Bank and states the policy of Congress with respect to loans to be made by the Bank.

Subsection (a) continues the existing Export-Import Bank of Washington, a banking corporation organized under the laws of the District of Columbia, as an agency of the United States. It continues the existing powers under the Bank's charter and restates and clarifies the powers conferred upon the Bank by statute to make loans, to discount, rediscount, or guarantee notes, drafts, bills of exchange, and other evidences of debt or to participate in the same for the purposes of promoting the foreign trade of the United States.

Subsection (b) provides that it is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment.

Section 3

Section 3 provides for the management of the Bank.

Subsection (a) (1) establishes by law the Board of Directors of the Bank which is to consist of the Foreign Economic Administrator as chairman, the Secretary of State, and three persons appointed by the President with the advice and consent of the Senate. The Secretary of State may, to such extent as he deems it advisable, designate to act for him in the discharge of his duties as a member of the Board any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

Subsection (a) (2) provides that if the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the Administrator of the Foreign Economic Administration will no longer be a

member of the Board, and the President is to appoint a member to take his place. In that event the chairman of the Board will be designated by the President.

Subsection (a) (3) requires that not more than three directors may be members of any one political party. The term of each of the appointed directors is to be 5 years and the salary \$12,000 per annum unless the director is an officer of the Bank in which event he may elect to receive the salary of such officer.

Subsection (b) provides that a majority of the Board of Directors shall be a quorum.

Subsection (c) empowers the Board of Directors to adopt such bylaws as are necessary for the management and functioning of the Bank.

Subsection (d) establishes an advisory board with the same composition as the National Advisory Council on International Monetary and Financial Problems provided for in the Bretton Woods Agreements Act, except that the chairman of the Board of Directors of the Bank serves as chairman in lieu of the Secretary of the Treasury.

Subsection (e) provides that until October 31, 1945, or until two of the appointed members of the board of directors have qualified, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing board of trustees.

Subsection (f) establishes the Bank as an independent agency of the United States Government and provides that its functions, powers, and duties shall not be transferred or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

Sections 4 and 5

Sections 4 and 5 provide for the capital structure of the Bank.

A capital stock of \$1,000,000,000 is authorized. Outstanding common and preferred stock is to be surrendered to the Bank and canceled. The Secretary of the Treasury is to pay the Reconstruction Finance Corporation the par value of the preferred stock which the Reconstruction Finance Corporation will surrender. Of the authorized amount of capital stock of \$1,000,000,000, payment for \$175,000,000, equivalent to the par value of the outstanding preferred and common stock, will be made by the surrender of such stock. Payment for the balance, \$825,000,000, will be made by the Secretary of the Treasury at the call of the board of directors of the Bank. Authorization is given to the Secretary of the Treasury to finance these payments as public-debt transactions.

Section 6

Section 6 authorizes the Bank to issue obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$2,500,000,000. The Secretary of the Treasury is authorized to finance these purchases as a public-debt transaction.

Section 7

Section 7 provides that the Bank shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and a half times the authorized capital stock of the Bank.

Section 8

Section 8 provides that the provisions of the existing charter relating to the term of existence of the Bank, its management, and to its capital stock are superseded by this legislation, and exempts the Bank from complying with any law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of fees or taxes to the District of Columbia in connection with the capital stock of the Bank.

Section 9

Section 9 requires the Bank to transmit semiannual reports of operations as of the

close of business on June 30 and December 31 of each year.

Section 10

Section 10 repeals existing legislation pertaining to the Bank contained in section 9 of the act of January 31, 1935, as amended.

Section 11

Section 11 relieves from the prohibition against loans to foreign governments in default on their obligations to the United States Government as of April 13, 1934, contained in the Johnson Act, any person, including any individual, partnership, corporation, or association, who acts for or participates with the Bank in any operation or transaction or acquires any obligation issued in connection with any operation or transaction engaged in by the Bank.

Mr. MURDOCK. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD a telegram from Eugene P. Thomas, president of the National Foreign Trade Council, Inc., to the Senator from New York [Mr. WAGNER], chairman of the Committee on Banking and Currency.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., July 16, 1945.

HON. ROBERT F. WAGNER,
Chairman, Senate Banking
and Currency Committee,
Senate Office Building,
Washington, D. C.

The National Foreign Trade Council through its executive committee at a meeting today endorses and recommends the approval by the Senate of legislation to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, as provided in bill H. R. 3771 already approved by the House of Representatives.

Included in this endorsement the council especially recommends the policy under which the functions of the Bank would be exercised as stated in section 2 paragraph (B). We request that this endorsement be made a matter of record, as a part of the hearings of your committee on this legislation.

EUGENE P. THOMAS,
President National Foreign Trade
Council, Inc.

Mr. LANGER. Mr. President, will the Senator yield for several questions?

Mr. MURDOCK. I yield.

Mr. LANGER. I am very friendly to this Bank and I wish to have the Senator know that I intend to vote for the bill.

Mr. MURDOCK. I am glad to hear that.

Mr. LANGER. I simply wish to obtain some information. I should like to know what rate of interest is charged to the exporters and importers.

Mr. MURDOCK. I am advised that the average interest rate is approximately 4 percent.

Mr. LANGER. Very well. I notice in the very last paragraph of the report, on section 11, the statement that section 11 of the bill "relieves from the prohibition against loans to foreign governments in default on their obligations to the United States Government as of April 13, 1934, contained in the Johnson Act, any person," individual, partnership, and so forth, "who acts for or participates with the Bank" in such connections.

Let me say that I understand that at the present time England cannot borrow any money from us because of the provisions of the Johnson Act, because Eng-

land is one of the defaulting nations. But suppose England organizes a corporation corresponding to the RFC in this country. Could that corporation borrow?

Mr. MURDOCK. Yes; I should say that, under the provisions of this bill, when it is enacted, such a corporation would be able to borrow from the Bank.

Mr. LANGER. So for all practical purposes the Johnson Act would be repealed, would it not?

Mr. MURDOCK. So far as it affects the Export-Import Bank or private individuals, associations, or corporations cooperating with or participating with the Export-Import Bank, it would be repealed by this measure.

Mr. LANGER. Can the Senator tell me whether Russia is one of the defaulting nations?

Mr. MURDOCK. I am advised that Russia is one of the defaulting nations.

Mr. LANGER. That is my recollection; as I recall, the Government prior to the present Russian Government defaulted.

So, Mr. President, if Russia wished to obtain some money with which to buy machinery to use in manufacturing machinery, she could, in obtaining from the Export-Import Bank a loan with which to buy the machinery in this country, obtain that money up to the amount which the Board of Directors might authorize; is that correct?

Mr. MURDOCK. That is correct.

Mr. LANGER. What would be the largest amount which Russia could obtain, provided she got all of it?

Mr. MURDOCK. The total limit on the obligations which the Bank can have outstanding is to be \$3,500,000,000.

Mr. LANGER. How does the Senator arrive at that figure?

Mr. MURDOCK. That is provided in the bill. It is spelled out in the bill. I read section 7 of the bill:

The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank.

The authorized capital stock of the Bank under the bill is \$1,000,000,000.

Mr. LANGER. I refer to section 6, line 17, page 7, providing that—

The aggregate amount of such obligations outstanding at any one time shall not exceed 2½ times the authorized capital stock of the Bank.

So, as I understand, \$1,000,000,000 would be the capital stock, and 2½ times that would be \$2,500,000,000 more, which would be notes and debentures in the Treasury, which would make a total of \$3,500,000,000. Is that correct?

Mr. MURDOCK. That is correct.

Mr. LANGER. So this Board could loan the entire \$3,500,000,000, if it cared to do so to one country, or it could divide it up, or it could do whatever it wished to do under the terms of the law, provided it thought what it did would be in the best interests of the exporters and importers of this country; is that correct?

Mr. MURDOCK. I think that could be done. But certainly we cannot assume that any bank serving under the act would engage in that type of activity.

Mr. LANGER. Of course, we would not expect the Bank to do so. I cited an extreme case.

Now I should like to discuss the bad loans.

Mr. MURDOCK. They aggregate \$250,000.

Mr. LANGER. What is the nature of the bad loans; can the Senator tell me?

Mr. MURDOCK. I am not advised. Perhaps the general counsel of the Bank can inform me about that.

Mr. LANGER. I am interested in knowing whether the money is owing from private concerns or from governments.

Mr. MURDOCK. I am advised that all the loans in default are owing from private concerns.

Mr. LANGER. Are they private concerns organized in the United States? Are they United States concerns, or are they foreign concerns?

Mr. MURDOCK. I am advised that there is one small loan to a foreigner, and the rest of them are loans to individuals and corporations in the United States.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MURDOCK. I yield.

Mr. LANGER. I should like to know whether any country is favored in the rates of interest. I understand that the Board can fix the rates of interest.

Mr. MURDOCK. Yes.

Mr. LANGER. For example, is England favored by having a lower rate of interest than Ethiopia has, or does the Board make a rule that all foreign governments shall pay the same rate of interest?

Mr. MURDOCK. I hardly see how such a procedure as that would be possible, because the loans are made, not exclusively to governments, but to individual exporters and importers of all countries who are eligible. I would imagine that probably there are different rates of interest in existence, but I am not fully advised as to that. We can ask the counsel of the Bank that question.

Mr. LANGER. I mean, are the exporters and importers of England, for example, given a lower rate of interest than the exporters and importers of Ethiopia?

Mr. MURDOCK. As I have explained to the Senator, there is no uniform interest rate. However, I am advised by counsel for the Bank that the Bank itself aims to discriminate in no way; but if there is a different interest rate in one country as distinguished from another country, loans may be made to borrowers of that country at a higher or lower rate, let us say, than to the borrowers of the other country.

Mr. LANGER. When a loan is made, does the Bank take any collateral as security?

Mr. MURDOCK. Yes.

Mr. LANGER. Can the Senator give us an example of a typical loan?

Mr. MURDOCK. The Bank takes whatever security is offered by the borrower—his notes, securities, or whatever collateral he may offer or may have. But certainly if loans are made without the pledging of some security.

Mr. LANGER. Suppose a concern wished to buy machinery with which to build a hydroelectric plant. That machinery would be shipped out of this country, of course.

Mr. MURDOCK. That is true.

Mr. LANGER. Am I to understand that the Export-Import Bank would have a mortgage on that machinery?

Mr. MURDOCK. I should think a mortgage on machinery shipped to another country would be wholly useless.

Mr. LANGER. That is correct. What security would the Bank have in that case?

Mr. MURDOCK. In my opinion, as I explained in my previous statement, that would work in the following way: Let us consider, as an example, electrical machinery, and let us assume that the Westinghouse Co. or the General Electric Co. or Allis-Chalmers or some other manufacturer of such machinery had an order from, let us say, Brazil, Czechoslovakia, or any other country, for 100 generators. It may be that an exporter here would be unable to finance the whole transaction and would be unable to obtain private capital, which is always a prerequisite, as I understand, under the policy of the Bank, namely, that if the credit can be arranged through a private bank or private agency of any kind, then of course the Export-Import Bank will not come into the picture. But if the exporter in this country convinces the Bank that he is unable to carry the entire credit load of the transaction at the time, and is unable to get private capital or to obtain credit through a private bank, then he will come to the Export-Import Bank. The Bank will make or guarantee the loan, and will take securities from that exporter in the form of mortgages or other collateral in this country which, of course, could be used in case of a default in satisfying his obligations.

Mr. LANGER. Will the Senator yield for one more question?

Mr. MURDOCK. I yield.

Mr. LANGER. How often does the Board meet?

Mr. MURDOCK. The Board meets at the call of the Chairman.

Mr. LANGER. As a practical matter, how often does the Board meet?

Mr. MURDOCK. I am advised that the Board meets every week or two.

Mr. LANGER. How many employees does the Bank have?

Mr. MURDOCK. It has 60 employees.

Mr. LANGER. Are they all in this country?

Mr. MURDOCK. They are all in this country.

Mr. LANGER. Is there any effort being made by the Export-Import Bank to send persons to foreign countries for the purpose of working up business?

Mr. MURDOCK. I am advised that no such procedure as that has ever been engaged in by the Bank.

Mr. LANGER. If we are going to help foreign trade would it not be advisable for the Bank to have someone in Mexico or South America, for example, seeking business just as England seeks it?

Mr. MURDOCK. That might well be, but the position which the United States

is in today, and the position in which it will be in during the first few years of the postwar period, is this: As I see the picture, it will be in the position of not having to search for business. I think we may be confronted with such a tremendous demand for all types of goods and commodities both from our own people and from abroad that our productive capacity will be taxed to the limit. I do not think we shall need to go hunting for business. We will have all the business we can possibly take care of without doing any soliciting. Of course, if the time comes when competition takes place for foreign trade, I agree with the Senator from North Dakota that this country should be just as aggressive as any other country on the globe in soliciting foreign trade. I would be only too glad to join the Senator if, when that time comes, it should be necessary to amend this act, or any other act, in order to be sure that we have representatives in foreign countries wherever business is obtainable, and that they will be in position to get that business for us.

Mr. LANGER. Does not the Senator agree that that time is here now?

Mr. MURDOCK. No. I say that at the present time the question is not one of the United States obtaining business, but it is one of taking care of the business when it comes.

Mr. LANGER. Does not the Senator agree that three and a half billion dollars is entirely inadequate, and that, as a matter of fact, it should be much larger so that we may establish trade relations at this time with every country in South America before those countries make their deals with some other country which may be a competitor of ours?

Mr. MURDOCK. I admit that \$3,500,000,000, in terms of world commerce is not very great, but the Senator must keep in mind the fact that the gold which is already earmarked in this country and owned outside and the dollar holdings throughout the world amounts to about \$25,000,000,000. We must consider that fact along with any loans to be negotiated with either the Export-Import Bank or with the International Bank. We must take into consideration that those dollar and gold holdings which already exist will be first expended. That is why I take the position that, instead of the United States Government, or our private enterprises, going out and looking for business, they should keep in mind that in the years immediately following the conclusion of the Japanese war we shall not, in my opinion, lack orders of all kinds. Of course, when that time ends, when normal conditions return and we are confronted with a competitive situation in our efforts to secure foreign trade, I would support the policy of maintaining representatives in every place on the globe whose duty it would be to look after American trade and see that we get our legitimate share of it.

Mr. LANGER. I may say to the distinguished Senator that it is my understanding that during this war, especially during the latter part of the war in Europe, England was shipping supplies to South America. England has been

establishing trade in South America. As a matter of fact, England is further ahead in her South American trade than is this country.

Mr. MURDOCK. My information as to England is this: That her export business has diminished to a negligible point because of the fact that a great proportion of her entire productive capacity is now and has been for a long time devoted to the war effort. That statement applies to her shipping as well. It is also devoted to the war effort. One of the serious problems in England is to reestablish her export trade. In my opinion, in order to have a healthy economic situation throughout the world, England must again develop and establish her export business.

Mr. LANGER. It is my understanding that England has bought most of the sugar in South America and in Cuba.

Mr. MURDOCK. I assume that England has certainly exercised every power at her command to purchase all the sugar she can purchase in order to meet her essential needs.

Mr. LANGER. In this country we have a shortage of sugar. Would the Senator say that the situation to which I have referred is a form of competition?

Mr. MURDOCK. No; I say that probably the reason for our shortage in this country is that the Philippine Island sugar industry, which is a very substantial part of the sugar industry of the world, has been completely wiped out. When a great producer of sugar is taken out of the picture, as the Philippine producers have been taken out, and the burden of supplying sugar is transferred to the Cuban growers and to the cane and beet producers of the United States, there cannot help but be a shortage. We must also keep in mind the fact that we consume probably as much or more sugar today than we have ever consumed in the past.

Mr. LANGER. I understand that, but of the sugar which is available in South America and in Cuba, is it the Senator's understanding that England has obtained most of it?

Mr. MURDOCK. I cannot say that England got most of it, but in order for England to exist I am sure that she must have a substantial part of that South American and Cuban production. I assume that the division of the sugar crop in Cuba among the United Nations is certainly by agreement. I believe that any sugar which England is now receiving from Cuba is received under an agreement with the United States.

Mr. LANGER. Let us assume that a corporation in Africa wishes to obtain electrical and other machinery for the purpose of building a large dam in order to irrigate, say, a half a million acres of land on which would be raised crops in competition with the farmers of this country. It would be entirely within the discretion of the Board, as I understand, whether or not a loan for the purchase of the machinery would be granted. Am I correct?

Mr. MURDOCK. I cannot conceive of the Export-Import Bank making a loan purely for reclamation purposes in some other country unless the reclamation

project involves a great deal of material which must be shipped from the United States to that country.

Mr. LANGER. That is what I am inquiring about.

Mr. MURDOCK. Of course, if an application of the kind to which the Senator refers should come to the Export-Import Bank, and the purpose of the loan is to build a great multiple-purpose dam, such as a great irrigation dam for the control of navigation and floods, and involves, let us say, the installation of numerous electrical generators, as well as other equipment, which in turn will involve the purchase in this country of a hundred thousand tons of cement, and vast tonnages of reinforcement steel, then certainly the Export-Import Bank will consider the application for the loan. If it was a good loan, considering the grade of securities which were available here from exporters of cement, steel, and electrical equipment, then I would assume that the bank would make the loan. I do not think that any Government agency of this kind, or any private agency, can consider that the fact that the production of agricultural commodities in some other country may come in competition with us would be a basis for the denial of a loan.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Iowa?

Mr. MURDOCK. I yield for one more question from the Senator from North Dakota, and then I will yield to the Senator from Iowa.

Mr. LANGER. Can the Senator from Utah tell us the largest loan that has been made by the Export-Import Bank and the smallest loan?

Mr. MURDOCK. I am advised that the largest loan is a \$50,000,000 loan to China and the smallest a loan of \$2,000.

Mr. LANGER. I am very thankful to the Senator for the information. I may add that I am not a member of the committee, and the only opportunity a Senator who is not a member of the committee has to obtain information is to ask some member of the committee. I think the Senator from Utah has done a good job in explaining the matter.

Mr. MURDOCK. I thank the Senator from North Dakota; I am always glad to yield to him, and I admire his vigorous interest in all questions coming before the Senate.

Mr. HICKENLOOPER. Mr. President—

Mr. MURDOCK. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, first let me say that I am familiar with the operations of the Export-Import Bank; I think it has been successful, and I expect to support it; but, apropos of what has gone on and what is happening to our foreign trade, I think it would be rather interesting to read excerpts from a letter I have which has just been written by a manufacturer's agent in Venezuela. It is quite significant at least at this time as to our neglect of our foreign trade at this moment.

Mr. MURDOCK. I am happy to yield to the Senator for that purpose.

Mr. HICKENLOOPER. Discussing orders he had to cancel because he could not get deliveries in this country, his letter states:

FEA and WPB had better take full cognizance of the fact that English, Swedish, and Swiss manufacturers' agents are out taking orders from all comers for all kinds of equipment and offering deliveries from 30 to 90 days ex-factory with no priority requirement.

A client of ours just canceled an order for a 200 hp. Cleaver-Brooks boiler for a textile mill, which we had on order for the past 6 months and were unable to obtain priority, on the grounds that England was offering him an equivalent boiler at a lower price and for 90 days' delivery ex-factory. We can't blame him, as WPB has been fooling around 6 months and still hasn't assigned the priority on the grounds that the boiler is not necessary. Nevertheless, they approve a high priority for the structural steel required for a 7-story office building which damn well could have been built of reinforced concrete as dozens of others are being built here. There is enough steel in the aforementioned structure to build 100 boilers and 1,000 hoists.

I may say that the subject of this letter was a cancellation of orders for hoists which they were unable to deliver.

We here have stopped trying to figure out some of the decisions being made by FEA and WPB as we always come out with the same answer. We know that a terrible war has just ended and that we still have a tremendous war to win in the Pacific. However, we still have an even more tremendous economic war ahead and while other countries are making great headway in securing a sound position for themselves in this "postwar war," we sit around and sew the seeds of more ill will with clients anxious to do business with us. Who can blame these clients for swinging back to the European market; prices are lower and deliveries quicker. Instead of asking us fellows here who are trying to hold onto these markets for the United States and American manufacturers if we know a war is going on, we believe the question would better be put to England, Sweden, Switzerland, and others.

The Oerlikon factor in Switzerland is offering electric motors, generators, and other electrical equipment based on delivery 6 weeks ex-factory; we still quote 10 to 12 months after receipt of priority.

England just took an order here for 1,000,000 square feet of asbestos cement sheets at 9 cents per square foot based c. i. f. Maracaibo, while our net cost on which we based a competition bid was 13.6 cents per square foot.

As a result of your letter of May 9, and as you request, you may consider our order No. 5007 officially canceled.

We will order these hoists from England as England always delivers the goods—don't think they are kidding with that slogan. A boatload of asbestos cement sheets and piping valves and fittings (bronze included), paint and paint-coloring materials, etc., just arrived last week.

This is a letter, Mr. President, written to a manufacturer in this country who photostatted it and sent it to me. He can fill no orders. He is an exporter of some size, and he is tremendously concerned about the loss of the market because of inability to deliver, while at the same time our allies, apparently, are delivering metal and machinery, and equipment and tools and all manner of

supplies to the South American market, and at a lower price.

Mr. MURDOCK. Mr. President, in reply to the observations made by the able Senator from Iowa, I may say I have no doubt that situations such as he relates are occurring and that mistakes have been made by the War Production Board and by FEA, but Switzerland, Sweden, and some of the other countries which might be mentioned have not the responsibility at this time of defeating Japan. That is almost exclusively our task and that of Great Britain. I cannot condone the situation to which the Senator refers, but it is my hope and my belief that it is the exception rather than the rule, and I think that the situation with which we are confronted will not be one of lacking business, for in my opinion we will have plenty of it.

Mr. BARKLEY. Mr. President—

Mr. MURDOCK. I yield to the Senator from Kentucky.

Mr. BARKLEY. In connection with that letter or any similar complaint that might be made by representatives of American manufacturing plants in South America or elsewhere, I think it ought to be said that none of our plants can export to any part of the world for foreign domestic use and consumption as a peacetime operation anything that is not released by the War Production Board, the FEA, and the War and Navy Departments, all of them working together to see that the war is served first, and that nothing can be sent out of this country that is essential in the manufacture of war materials. So, as the Senator from Utah said, Switzerland, Sweden, and other countries which are not in the war are not laboring under any such restrictions; they do not have to consult anybody about exporting stuff to other countries.

So far as England is concerned, of course everyone knows that England is making a feverish effort to get something manufactured which she can ship somewhere in order to help her pay for imports, and to pay her debts and some of the war expenses.

Mr. MURDOCK. Is not the United States Government intensely interested in aiding Britain in building up again her export trade? England cannot come out of the present situation without some help.

Mr. BARKLEY. Undoubtedly. It is to our economic and financial advantage that she do build up her export trade, because the more completely she can pay, the more rapidly she can do it, the more we are relieved from any obligation to assist financially or economically in the rehabilitation of a country which must rely upon its exports in order to live.

Mr. BUSHFIELD. Mr. President, will the Senator from Utah yield?

Mr. MURDOCK. I yield.

Mr. BUSHFIELD. As I understand, the Export-Import Bank has been in existence for about 11 years.

Mr. MURDOCK. I think the Senator is correct.

Mr. BUSHFIELD. An amount in excess of a billion dollars has been handled by the bank in that period of time, and there are about \$200,000,000 left in

loans at the present time. Am I substantially correct?

Mr. MURDOCK. From its organization to June 30 of this year the Export-Import Bank has authorized loans aggregating \$1,269,000,000. Of these total authorizations, \$429,000,000 were canceled, either because the applicants found they did not require the loans or arranged to obtain necessary credits from private sources. Actual disbursements have amounted to \$504,000,000, of which \$290,000,000 has been repaid.

Mr. BUSHFIELD. That leaves a little more than \$200,000,000 in outstanding loans now, does it not?

Mr. MURDOCK. I think, besides that, there are commitments.

Mr. BUSHFIELD. I understand there are commitments.

Mr. MURDOCK. It brings it up to very near the maximum limit of \$700,000,000.

Mr. BUSHFIELD. Can the Senator tell me about what the losses have been during the existence of the bank?

Mr. MURDOCK. I am advised that the total losses, that is, loans in default, up to this time, approximate \$250,000.

Mr. BUSHFIELD. Even that does not necessarily mean that those are all total losses, does it?

Mr. MURDOCK. No. I think the bank is very hopeful of being able to work out most of those satisfactorily.

Mr. BUSHFIELD. From the experience of 11 years it would appear to me that the bank has been operated upon an extremely splendid pattern.

Mr. MURDOCK. I agree with the Senator.

Mr. BUSHFIELD. If it is operated in that way—and I have the impression that this particular bank is operated in an excellent manner—it is something for us to be very thankful for and to be interested in, and I am interested in knowing whether the bank is operated upon a banking basis.

Mr. MURDOCK. I am sure that the figures the Senator will find in the report indicate that it is operated in a very businesslike way.

Mr. BUSHFIELD. I thank the Senator.

Mr. BARKLEY. Mr. President, will the Senator from Utah yield?

Mr. MURDOCK. I yield.

Mr. BARKLEY. I think it is true, and should be stated in that connection, that while the total loans in default amount to about \$250,000, the profits of the institution offset that, so that on the whole there is no loss in the operation of the Bank.

Mr. MURDOCK. The profits are stated in the report to be \$42,000,000.

Mr. BARKLEY. Of course; so that the \$250,000 in default, even if it were all lost, is insignificant in comparison with the profits.

Mr. MURDOCK. Mr. President, I have nothing further to say unless there are further questions, and I yield the floor.

Mr. TAFT. Mr. President, I believe we should pass the bill increasing the capital stock of the Export-Import Bank, but I should like to make it perfectly clear what the purpose of the bill is, and to read some of Mr. Crowley's testimony to

show its purpose. I think this is the last time the capital of the Bank should be increased, and I do not think the reasons which apply this year will be likely to apply again.

The Export-Import Bank was formed in 1934. At that time it had a total capital of \$11,000,000. In 1939 it was increased to \$100,000,000; in March 1940, to \$200,000,000; in September 1940, to \$700,000,000; and it has had a capital stock of \$700,000,000 since that time.

Now it is proposed suddenly to increase it to \$3,500,000,000—five times its present capital. The purpose of this increase really is not at all in line with the original purpose of the Export-Import Bank, and I think that ought to be clearly understood. The history of the Bank has been in general successful. It has loaned money. When it was formed its main purpose was—and that is the argument made for it today, I think rather inaccurately—to help finance American exporters. It can serve a very useful purpose and has served a useful purpose by helping American exporters extend credits to South America and elsewhere which the ordinary American bank is not willing to finance. In many countries it has been customary to give 2 or 3 years' credit, even 5 years' credit. Our banks are not willing to finance for so long a period, and most of our exporters, unless they are very large companies, cannot do it themselves. Also, there is some risk that they do not like to take, particularly small exporters who do not have the facilities to examine credits in South America and other countries, and the Export-Import Bank serves a very useful purpose in that respect, and has done so.

But now really the Export-Import Bank has two functions. One is the function I have just mentioned and the other is the political function of making loans to governments. That function has not been very widely used, although I think there have been some direct Government loans made by the Export-Import Bank to Brazil, and, I believe, to Mexico, although usually for particular projects. We financed the construction of a steel mill, for instance, in Brazil at one time, and I think that project was desirable, even though it does create competition for our own manufacturers.

It has been urged that this particular increase is for the purpose of increasing American exports. I do not believe that that is in any way its real purpose. Furthermore I do not believe that lending on such a scale as \$3,500,000,000 to be spent in a single year is properly a function of the Government. I do not believe we ought to undertake by loans to governments to build up a supply of dollars abroad that can be used to pay for exports from this country.

The distinguished Senator from Utah [Mr. MURDOCK] said that this increase will open up to American producers and manufacturers the largest market that ever awaited them. That is not true, either, because the American market is probably five times or ten times as large as any world market the American manufacturers will ever have, and the American market will always be the best mar-

ket they can secure. Furthermore, I do not believe that foreign trade financed by loans from this country in more than a reasonable amount, representing the real desire of our people to invest abroad, is a sound method of increasing foreign trade. We should only build up a foreign trade based on exchange profitable to both sides.

The real purpose of this fund, however, is to give the Government \$2,800,000,000 to loan foreign countries for rehabilitation, and only for the next 12 months. Mr. Crowley's testimony made it clear that when we pass this bill we will be providing for foreign countries for rehabilitation purposes, possibly including some relief, although UNRRA was supposed to take care of relief outside of this, about \$7,000,000,000 during the next 12 months, as \$4,400,000,000 is to go abroad under lend-lease, distributed to various countries. Of the \$4,400,000,000, Mr. Crowley testified that \$1,700,000,000 would be food from the United States, although we are necessarily short of food. I believe, however, that we can properly and we should set aside that amount of food for shipment abroad.

Now we add to the \$4,400,000,000 this \$2,800,000,000 which Mr. Crowley says is to last for only 12 months. In effect, what this is for is to supplement lend-lease. Although lend-lease is being used, in my opinion, for reconstruction purposes, contrary to the intentment of the act, still I think the officials in charge feel they cannot press it any further. Having obtained an appropriation of \$4,400,000,000 for the current fiscal year beginning the first of July, they feel that that is just about as far as they can possibly go.

I may say, referring to the lend-lease provision, that Mr. Crowley says the figure may be reduced. In committee I asked him the question:

Now Mr. Crowley, unless the war ends immediately or within the next few months, there is not much chance that this figure will be reduced any, this \$4,000,000,000 figure?

Mr. CROWLEY. No; I would say not. I would say not, Senator.

I asked him:

But if it is ended immediately it might be reduced?

Mr. CROWLEY. Well, certainly a very large part of it would be saved if it ended immediately?

Senator TAFT. Yes.

Mr. CROWLEY. Or in the next 6 months, a large part of it would be saved.

Senator TAFT. But if the war goes over 6 months, probably there won't be much saving, is that right?

Mr. CROWLEY. Not a great deal.

So that if the war continues for 6 months, this lend-lease expenditure will be run up to \$4,000,000,000 or so. But then we run out of lend-lease funds, and this proposed increase of \$2,800,000,000 is for loans to European governments primarily to supplement lend-lease.

Mr. President, I only want to say, first, that I think that with \$4,400,000,000 of lend-lease funds, plus the \$2,800,000,000 for the Export-Import Bank, or a total of \$7,000,000,000, we are doing our full share toward the rehabilitation of Europe. I made that statement yesterday. I do not think as I made clear yes-

terday, that the new International Bank is needed. Yet, it is clear that the International Bank is a permanent institution. It probably will not be available during the next 12 months. Now that we have passed the bill it is not a bargaining weapon that can be used further by our Government in securing anything that we may wish to secure, and I believe that the pending bill does furnish, with lend-lease, the only means, the only bargaining weapon we have in a financial sense to secure such concessions as may be necessary from foreign governments to assist in securing a stable peace or in securing the opening up of trade markets to the exports of the United States.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. TAFT. I yield.

Mr. VANDENBERG. Do any of the figures which the Senator has given include the obligation which we inevitably confront in respect to the recuperation of the Philippine Islands?

Mr. TAFT. No. The question occurred to me that the pending bill as drafted does not permit loans to the Philippine Islands, and I think the sponsors of the bill might wish to consider an amendment to make such loans available, although there will be other legislation, I understand, to assist the Philippine Islands. Still it is clear that, apparently, the Export-Import Bank funds are to be used only to assist exports from the United States and its possessions to foreign countries, and the Philippines will not be a foreign country until they secure their independence a year from this time. So that, as I see it, the bill will not aid the Philippines during the 12 months current period.

Mr. VANDENBERG. Then the general figures the Senator has given do not include any estimates in respect to the Philippine Islands?

Mr. TAFT. No; I think not.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Maryland, who may have some further explanation to make.

Mr. TYDINGS. I think the Senator's position is an accurate one with reference to the Philippines. It certainly is doubtful whether they would be within the purview of the act. I have submitted to the Senator in charge of the bill an amendment which I have asked him to favor, which would remove any doubt about the ability of the Filipinos to take advantage of the operations of the Export-Import Bank. I agree with the Senator that at the present time it is not clear whether or not they could come in under it. They certainly ought to have as much right as any other nation to come in under it.

Mr. VANDENBERG. They have a primary right. If we have any obligation abroad, it starts in the Philippines.

Mr. TAFT. Under the terms of the bill which we are considering, the Export-Import Bank is authorized to make loans, and so forth, "for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its Territories

or insular possessions and any foreign country or the agencies or nationals thereof." So it seems clear that it would not cover loans to the Philippine Islands.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MURDOCK. I am in full agreement with the statement which the Senator has made with reference to the Philippines, and the statement made by the Senator from Michigan. However, we are again confronted with the parliamentary situation of the House not having a quorum. A single objection could stop the legislation and delay it until after the recess.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. While it is undoubtedly true, under the language of the bill, that loans could be made for the purpose of financing exports from the United States to the Philippine Islands—

Mr. TAFT. Not for that purpose.

Mr. BARKLEY. It does not seem possible that a loan could be made to the Philippine Islands for the purpose of exporting goods from the Philippines to some other country. In view of the contemplated comprehensive legislation which we expect to take up soon in regard to the Philippine Islands, and in view of the parliamentary situation, I doubt very much the wisdom of attempting to deal with that subject in this bill. I do not want to do anything which would delay enactment of the pending bill, because the Export-Import Bank is out of money. Its lending ability is exhausted, and if it were forced to wait until October or November, its functions would certainly be crippled.

Mr. TAFT. However, the same parliamentary situation exists with respect to both bills passed yesterday. I do not know that we would add anything to our problem by amending this bill if an amendment seemed wise.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Ohio or the Senator from Maryland whether it would not be better, rather than to try to amend this bill, to have the whole Philippine problem put before us as one problem, involving individuals and the Government, and involving our obligations to ourselves? Should not the necessary legislation be enacted separately at the proper time, rather than placed in this bill by an amendment, whereby we should never know what was done with relation to the Philippines except indirectly through the Export-Import Bank officers?

Mr. TAFT. That is true; and yet the Filipinos need aid. They know that they are entitled to greater consideration than is the rest of the world; and yet they come here and find agencies already established which cannot help them. Such agencies can help every other country in the world, but they cannot help the Filipinos. If there is no legislation dealing with the Philippines, we are placed in an awkward situation. On the

merits of the question, apart from the procedural problem, I should say that such an amendment ought to be included in this bill. I do not think we could lose anything by it.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. TYDINGS. I understand that the Philippine Government now has an application pending for a loan of \$60,000,000. That is due to the fact that the municipal governments and the provincial governments in the Philippines are to a large extent without money. They have had no tax collections for 3 or 4 years, and it is very difficult for them to finance the police forces, for example, in some of the smaller towns, because everything is in a chaotic condition in those places. However, I understand that it will be possible, if the government wishes to make the loan, to get the money from other sources. I am advised that their application for such money as we feel we should like to lend them can be accommodated whether an amendment to this bill is adopted or not. Therefore, so far as I am personally concerned, I have no objection to letting the Philippine provision wait until we meet in the fall, much as I should like to see it adopted now. I am advised from the other end of the Capitol that if an amendment is added to the pending bill, it may delay enactment of the bill to such an extent that the amendment may not carry out the purpose for which it is intended.

Mr. TAFT. Let me ask the Senator from Maryland whether in his opinion the RFC could make a loan to the Philippine Commonwealth today?

Mr. TYDINGS. In my opinion the RFC, or some of its subsidiaries, could make a loan to the Philippine Commonwealth.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. TOBEY. I should like to address a question to the Senator from Maryland. To the Senator's knowledge, are there any outstanding Philippine bonds which are guaranteed by the United States Government, or have they all been paid off?

Mr. TYDINGS. I suppose the Senator is referring primarily to railroad bonds.

Mr. TOBEY. Yes.

Mr. TYDINGS. I understand, from a partial exploration of that question, that we have no legal obligation to guarantee such bonds. However, we are in the position of having morally endorsed the bonds, because we have more or less floated them for the Filipino Government. I am advised that, from a strictly legal standpoint, we are not obligated, but some persons think we are morally obligated. Others think we are not.

Mr. TOBEY. There were some issues of Philippine bonds which were guaranteed definitely by endorsement of the United States Government. I assume that those have been retired.

Mr. TYDINGS. I do not wish to give the Senator a definite answer, because I might be in error. My opinion is that

there are none with respect to which we are legally obligated. If there are any at all, the number is very small.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LANGER. If the pending bill were enacted, could the Export-Import Bank make loans to governments notwithstanding the Johnson Act?

Mr. TAFT. The bill expressly provides that the Johnson Act shall not apply to such loans.

Mr. LANGER. Then if the bill were enacted, such loans could be made, even though the Johnson Act were not repealed?

Mr. TAFT. Yes. As a matter of fact, my impression is that such loans can be made today, regardless of the Johnson Act. As I understand, the Johnson Act does not apply to loans made by the RFC or the Export-Import Bank. I am subject to correction in making that statement, but my impression is that it applies only to private loans to the governments concerned or their municipalities. I do not believe that it applies to government institutions.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. The Senator's interpretation is correct. The Johnson Act prohibits private loans by citizens of the United States to governments which are in default, but it does not prevent a loan by the United States Government or any of its Government-owned corporations.

Mr. TAFT. I do not quite know why the provision with respect to the Johnson Act is in this bill. It clearly exempts such loans from the provisions of the Johnson Act, even though they might otherwise be exempt.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Awhile ago the Senator stated that the policy which heretofore existed with respect to the Export-Import Bank was to be changed, in that it would be used for other purposes than to expand our foreign trade. Will the Senator be a little more specific?

Mr. TAFT. I do not think that is quite what I intended to say. Of course, loans to governments may be made, and the borrowing governments may be required, as a condition of obtaining the loans, to buy goods in this country, which would result in exports. But there are two functions of the Export-Import Bank. I should like to see those functions separated by statute. Certainly the board should separate the two functions. One of those functions is to help American exporters. For example, a small businessman in Cincinnati who has machine tools which he can sell in Brazil should be helped to get orders for machine tools in Brazil. He should be enabled to ascertain the credit standing of the prospective purchasers in Brazil, and then perhaps enabled to extend a 3-year credit, which the British or German exporter can extend. It is a direct service to American exporters.

Mr. ELLENDER. Why could not that be accomplished under the terms of the law as it now exists?

Mr. TAFT. The other department or function has to do with direct dealings with governments. For example, if we lend \$1,000,000,000 to Russia, as is proposed under the terms of this bill, Russia will select the goods which she wishes to buy in this country. We are not going to help our exporters. We are going to deal with Russia. Perhaps we will require Russia to buy in this country, but undoubtedly Russia will select the goods, and we shall have no further function in assisting our exporters. It is a different kind of approach. The net result is claimed—properly, no doubt—to result in the increase of American exports if an increase brought about by lending money is a sound proposition.

But one is kind of a service agency to American exporters and the other is really a political matter of loans to governments.

Mr. ELLENDER. Suppose we had simply amended the act by increasing the capital of the Bank. Could not the Bank have made loans to Russia?

Mr. TAFT. Yes. I objected when the funds of the Bank were increased from \$200,000,000 to \$700,000,000; I objected on the ground that the Bank was going into the business of making loans to governments. As a matter of fact, it was; it was making loans to Brazil and Mexico.

When we have a bank which becomes involved in large figures such as billions of dollars, I think it forgets the exporters and does not really do what it was created to do, namely, help the exporters, the businessmen.

Mr. ELLENDER. Does the record show whether money was loaned to any foreign government other than Brazil?

Mr. TAFT. I do not know; I have not gone into that matter, and I cannot tell the Senator. The amounts involved at that time have now become, seemingly, so small as compared to what we are now dealing with that I, perhaps, have lost interest in the size of those loans.

Mr. ELLENDER. Does the record show whether the Export-Import Bank has made profits?

Mr. TAFT. Yes; the Bank has made profits. The Senator will find a statement of that in the report. I think there may be some outstanding loans; but the loans are in very good shape at the present time, so far as we can see, and I have no doubt that nearly all of them will be repaid.

They say:

The earnings of the Bank from its organization to date, after payment of all administrative expenses, have amounted to approximately \$42,000,000.

That has been in a period of approximately 10 years, so it amounts to approximately \$4,000,000 a year. If the Bank were an ordinary bank, it would have paid taxes perhaps to the extent of half of that sum. But the Bank has had a profitable operation.

Mr. ELLENDER. I thank the Senator. I will further inspect the report.

Mr. TAFT. Mr. President, I have made the point that I should like to see

the Bank divided. At this time I should like to read some of the testimony of Mr. Crowley to show just what the proposal is. I asked Mr. Crowley:

Why not use the International Bank? Why loan some of our money one way and some the other?

This was his reply:

The International Bank for Reconstruction and Development is intended, it is true, to be a major source of large-scale and long-term credit for the rehabilitation of the war-torn countries and the building up of economically underdeveloped countries. Our participation in the International Bank has now been approved by the House and by this committee and will be approved shortly, I trust, by the Senate. At best, however, the International Bank cannot be in effective operation for a year or 18 months. A strengthened Export-Import Bank is therefore urgently needed during the period just ahead, to provide the necessary financing of our exports in connection with reconstruction and development projects abroad. There will be no other governmental source of dollar credits for this purpose.

That statement is not quite correct, because Lend-Lease, I think, could be said to provide some \$4,400,000,000 worth of credits; but perhaps technically the state is a correct one.

Mr. Crowley further said:

It is believed that this proposed lending authority of the Export-Import Bank may suffice to meet the essential need for sound financing of exports during the present fiscal year. By the close of the year it should be possible more accurately to determine the character and scope of the demands for the assistance of the Bank.

In other words, Mr. President, the fact that this is not the same thing that we have had before is perfectly evident, because for 10 years we have gone on with \$700,000,000, turning that over in the form of short-term loans; and now, all of a sudden, we are going to add \$2,800,000,000, and we are going to lend it all in permanent loans in a period of 12 months. So it is perfectly clear from Mr. Crowley's testimony that the \$2,800,000,000 is something different, and is really a matter of political policy in making loans for reconstruction and development.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. A moment ago I found the answer to the question I asked a while ago about the earnings of the Bank. Evidently the Bank has been very well and satisfactory managed.

The next question I had in mind at the time I was seeking information as to the way the Bank was managed is, Why is it that the committee saw fit to change the management of the Bank, as provided for in section 3 in the light of such a fine showing by the present Bank management? Does the Senator know the reason for that?

Mr. TAFT. I do not know, except as I understand the situation the Bank has been batted around a good deal. It was an independent agency for awhile. Then in 1939 it was transferred to the Federal Loan Agency, and then in 1942 it was transferred to the Department of Commerce, and then in 1943 it was transferred to the Office of Economic

Warfare, and then at the end of that year it was transferred to the Foreign Economic Administration. The Bank is tired of being batted around, and it wishes to be an independent agency, directly under the President.

Mr. MURDOCK. Mr. President, will the Senator further yield?

Mr. TAFT. I yield to the Senator from Utah, if he, perhaps, can answer the question of the Senator from Louisiana better than I can.

Mr. MURDOCK. I think the answer to the question is that at the present time there are 11 directors, and they are all part-time directors, selected from different departments of government. While the Bank has, in my opinion, done a very outstanding and successful job in making the loans, it is thought by the persons presently associated with it that if there could be at least three full-time directors in the directorate, it would be better than the present rather promiscuous directorate coming from different departments. So the result would be that there would be two part-time directors and three directors who would devote their entire time to the business of the Bank.

Mr. ELLENDER. The additional change proposed is that they would be responsible to the President, rather than to the Foreign Economic Administrator.

Mr. TAFT. There is another matter which should be made clear. Under the Bretton Woods plan we have created a council of five men under the chairmanship of the Secretary of the Treasury, and under that plan, as I understand it, they are given power to boss the general policies of the Export-Import Bank and coordinate them with those of other lending authorities, namely, the man on the International Bank and the man on the International Fund. So the Export-Import Bank will not be quite the independent agency it set out to be when it drew up this bill.

Mr. ELLENDER. After the enactment of the pending bill, who, aside from the Chief Executive, will supervise its functions?

Mr. TAFT. No one except the president and the board created under the Bretton Woods bill to coordinate all policies of foreign lending.

Mr. President, in order to show what the money is to be used for, I should like to read further from Mr. Crowley's testimony. I asked him whether \$1,000,000,000 of it was to be loaned to Russia. After some discussion which I shall not read, he said:

I would say that in working out the proportion of money, it would be fair to assume, with the size of Russia and the necessity for exports, that from \$750,000,000 to \$1,000,000,000 would be a reasonable amount to expect that they would get out of this allocation.

He further said:

What I think of the Export-Import Bank situation is this: That during the next 12 months it gives this Government a chance to study its foreign loans and we may determine how far we may want to go in appropriating more money for foreign credits.

Mr. President, unfortunately we have gone right ahead without waiting for that study, and we have appropriated

approximately \$6,000,000,000 under the Bretton Woods Agreements bill, in addition to the lend-lease funds and to this \$2,800,000,000.

Mr. Crowley further testified as follows:

This is the amount of money that we feel can reasonably be used during the next 12 months in meeting requirements that we feel are necessary in order to handle our export trade, plus some loans to those governments that will enable them to rebuild their economy.

If Russia gets a billion dollars, after that you have \$1,800,000,000 left for countries like Belgium, Holland, Denmark, and Norway, as well as other countries. My experience with Belgium, Holland, the Netherlands, and Denmark is that they are taking hold, are rehabilitating themselves, and that it is of advantage to us to assist them economically in getting back on their feet.

I asked him this question:

Mr. Crowley, what about the British? Is there anything in here contemplated for the British?

He replied:

There is no obligation from the British, Senator, and I do not see how, in \$2,800,000,000, that there could be enough money available here to take care of any large amount of aid to Britain from that source, because when you realize the number of countries that are going to call upon us for export help, and assuming that Britain and France may want a substantial amount of it, there is not very much left for Great Britain.

I think that, instead of the words being "Britain and France," they should be "Russia and France."

I continue reading:

Senator TAFT. Well, then, I understood you to say that that leaves a billion eight for the other countries in Europe, I suppose including other countries outside of those you mentioned, perhaps; but, as I understand it, none of it is intended to go, for instance, to South America.

Mr. CROWLEY. Oh, yes.

Senator TAFT. The seven hundred million you have already got is enough for South America, is it, or—

Mr. CROWLEY. Well, we made some loans. We always have some loans that are being made to South America, and a hundred or two hundred million dollars set aside, Senator, would undoubtedly take care of most of the demand in South America during the next year.

Senator TAFT. I see. Well, supposing that a man wanted to export textile machinery to England, would that be the occasion of help from this fund?

Mr. Crowley finally made the following statement:

If you are going to talk about a billion dollars to England or a billion dollars to Russia, then it is fair to expect that two billion eight would take care of our other requirements, but I think there is sufficient money in here to take care of a sizeable amount of the demand that we will get from Russia, and we will be able to take care of a reasonable request of a few hundred million dollars for textile machinery and things like that for Russia, if we can get it.

Senator TAFT. They have to have the best modern American textile machinery to compete with our textile mills under the new tariff law. I think it is important they get it.

Senator BARKLEY. That is res adjudicata.

So, Mr. President, I think the Senate should understand what the \$2,800,000,000 is for. It is to be added to the

lend-lease funds which we shall be compelled to give in order to secure the rehabilitation of Europe. It is the only fund by which the present emergency can be taken care of. As I pointed out yesterday, the Bretton Woods agreements are wholly unsuited and insufficient for the purpose.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Can the Senator point out how the Export-Import Bank is able to obtain better securities for its loans to foreign governments than the International Bank created by the Senate on yesterday? In other words, will not the two banks function almost in the same way insofar as loans to foreign governments are concerned?

Mr. TAFT. I think that the Export-Import Bank is a better medium than the so-called International Bank.

Mr. ELLENDER. That may be. I am referring to the question of securities for the loans actually made. In making a loan to a foreign government and in requiring security therefor, are not both banks on the same level, that is are they not in the same position for demanding similar kind and quality of security?

Mr. TAFT. Yes; except that in the case of the Export-Import Bank we may designate what the security shall be, and in the case of the International Bank a board of directors, consisting primarily of European representatives, will say what security shall be required. I think that from our standpoint it would be safer to follow this plan than to leave the discretion to the International Bank.

Mr. ELLENDER. That may be true but, as I understand the Bretton Woods proposal establishing an International Bank, we have retained the power of vetoing the granting of any loans before the money actually passes.

Mr. TAFT. Yes. I think perhaps that is true.

Mr. ELLENDER. Then there seems to be little or no difference between the two banks in respect to the kind and quality of security that they would respectively require when dealing with foreign governments.

Mr. TAFT. Under the International Bank we are forbidden to require that the dollars which are loaned and obtained from the sale of securities in this country, shall be used to buy goods from this country. Under the Export-Import Bank arrangement we may insist upon such requirement, and we usually do.

Mr. ELLENDER. I understood that, but my inquiry has to do with the form and quality of security and not—

Mr. TAFT. I may also say that under the present arrangement we may say to a nation, "You have unsound security, and unless you balance your budget we do not think that a loan to you will be repaid." Under the Fund we may not say that. The nation is entitled to draw the money without such a condition being attached.

Mr. ELLENDER. As a matter of fact, in the operation of the International Bank do we not force a nation to do so indirectly?

Mr. TAFT. When a veto is provided under the Bank?

Mr. ELLENDER. No; I mean since all nations desiring loans are forced to stabilize their currencies and put them in order before they are in good standing with the Bank. In other words, as I understand the Bretton Woods proposals, before a loan is considered for a nation that nation must belong to the International Bank and must also be a member of the Stabilization Fund. Before a loan is made to a country, it will be necessary that the country seeking the loan stabilize its currency.

Mr. TAFT. I do not wish to return to the argument which was made yesterday, but I tried to point out that we are expressly forbidden to require a nation to remove exchange restrictions. We permit it to devalue its currency, and must allow it to do anything else which it may wish to do in accordance with its political policies.

Mr. ELLENDER. The point I wish to make is that inasmuch as the International Bank which was created yesterday must be operated in conjunction with the Stabilization Fund, and inasmuch as all countries that choose to do so must become members of the Fund and the Bank in order to secure loans, the Export-Import Bank is in no better position to obtain securities of a better kind and quality than the International Bank. Then if we add to that our power of veto as to all loans, we do not need to fear that our venture will bring total losses, as was argued on the floor of the Senate this week.

Mr. TAFT. I think we are in a much stronger position so far as the Export-Import Bank is concerned. We are not just 1 member of a board of 12. Furthermore, I may suggest to the Senator that at the present time President Truman, who is now in Berlin, is in position to say that if certain things are done, and certain policies are conformed with, an Export-Import Bank loan may or may not be made. He has complete discretion, and he may impose any conditions he pleases in connection with making a loan. The International Bank has no such control. That money has gone. The fact that at some time in the future our people may have a possible veto power over the granting of a loan is a very poor weapon under present circumstances.

Mr. ELLENDER. Yes; but that veto power exists and may be exercised before the loan is consummated.

Mr. FERGUSON. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. FERGUSON. I should like to inquire of the Senator from Ohio as to section 11, in relation to repeal. Is it a repeal or a partial repeal of the Johnson Act? I have the Johnson Act before me, and it provides:

That hereafter it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of, any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this act, or to make any loan to such foreign government, political subdivision, organization, or association, except a renewal

or adjustment of existing indebtedness while such government, political subdivision, organization, or association, is in default in the payment of its obligations, or any part thereof, to the Government of the United States.

Section 2 provides:

SEC. 2. As used in this act term "person" includes individual, partnership, corporation, or association other than a public corporation created by or pursuant to special authorization of Congress, or a corporation in which the Government of the United States has or exercises a controlling interest through stock ownership or otherwise.

There appears on page 9 of the pending bill the following provision:

SEC. 11. Notwithstanding the provisions of the act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction.

What is meant by the word "participate"? How could an individual participate in one of these loans, and if he could, would it mean a repeal of the Johnson Act?

Mr. TAFT. I do not quite understand why there is any necessity to insert section 11. It seems to me perfectly clear it does not apply to the Export-Import Bank loans. I suppose, however, that the Export-Import Bank may guarantee a loan. An exporter, the General Electric Co., for instance, may export an electric generator to England, and the Export-Import Bank could simply guarantee the loan, instead of making the loan itself, in which case I suppose the General Electric Co. would be forbidden by the Johnson act to make the loan. I presume that under section 11 the General Electric Co. could manage to make the loan, in spite of the provisions of the Johnson Act.

Mr. FERGUSON. Provided the Export-Import Bank would guarantee it.

Mr. TAFT. I do not know about guarantees. It reads:

May act for or participate . . . or may acquire any obligation issued in connection with any operation or transaction engaged in by the Bank.

I suppose "any obligation issued in connection with any operation or transaction engaged in by the Bank" is considered sufficient to cover the case I speak of, if it is handled in a correct manner; I mean not by a direct guarantee but by a joint undertaking and understanding between all the parties.

Mr. BARKLEY. And Mr. President, if the Bank made the loan itself under section 11, it seems that private individuals could purchase an obligation and thereby own it, whereas it could not make the loan itself directly without this provision. That might be a participation. Participation would be where they put up part of the money to make the loan, or I suppose it might be held that participation would be satisfied if a private individual or corporation purchased the obligation of a foreign country for a loan made by the Export-Import Bank. It is in order to get around any confusion in that regard that this section was inserted.

Mr. FERGUSON. Would not repeal of the Johnson Act be a better method to adopt?

Mr. BARKLEY. I think so, and I am for the repeal of the Johnson Act. A bill to that effect is now pending before the Committee on Finance. We have had a hearing on it, and I think the overwhelming feeling in the committee is that the bill should be reported favorably, but for various reasons the committee has not acted upon it. I think when the committee does act it will report the bill favorably. But in the meantime we had a repealer of the Johnson act in the bill which passed yesterday, insofar as it affects the operations of the International Bank. I agree that the entire Johnson Act should be repealed. It serves no good purpose now, and it is only holding back Americans who desire to make loans to foreign governments in the form of municipalities and subdivisions, for essential work they desire to carry on.

Mr. TAFT. Mr. President, I shall conclude in a moment. My conclusion is that we should pass the pending measure, because it provides for about the only emergency aid that is possible to be given to European countries today, and I think such emergency aid should be extended. I think both the Fund and the Bank are wholly useless for that purpose. I do not think they will accomplish anything for that purpose. I think this additional authority for the Export-Import Bank, together with lend-lease, a total of \$7,000,000,000, is a most generous provision. It is a little larger than I thought it should actually be during the next 12 months. I hope very much that lend-lease expenditures may be reduced, as Mr. Crowley suggested. I hope all this money may not be necessary, because even with it all, we are not taking care of the real trade situation throughout the world.

If this should once be adopted, I think it very doubtful whether we should ever again provide for continuing this policy. I do not like Mr. Crowley's statement that \$2,800,000,000 is for 12 months, and he may be back for more. I said he implied that. He said he did not imply it. I am willing to take him at his word, and I hope we may not have to continue emergency relief beyond the 12 months. I hope this very generous provision may be accepted as very ample evidence of our desire to continue international cooperation.

Mr. BARKLEY. Mr. President, by way of clarification I wish to make a brief statement before the vote on the bill. What the Senator from Ohio has said with regard to the probable borrowers from this fund is substantially correct. Mr. Crowley said there was no formal application from Russia at this time to borrow from the Fund, but I think it is reasonable to assume that anywhere from seven hundred and fifty million to a billion dollars will be allocated to Russia. Somewhere between a hundred million and two hundred million will be earmarked for South American countries. That will leave a little more than a billion and a half for other countries, largely in Europe. It will not be necessary to name them, because I do not wish to have the CONGRESSIONAL RECORD even carry any implication that there is any obligation to lend to any specific

country, because they might see it if they were named in this debate, but we all understand, in the main, what countries will obtain the money.

In my judgment, the \$2,800,000,000 is not, as the Senator from Ohio has said, to supplement lend-lease. Lend-lease stands on an entirely separate and independent basis. The two things are wholly independent of each other. Lend-lease is a war measure. Lend-lease was not conceived by either the President or the Congress primarily as an aid to the countries which will receive lend-lease aid. The act authorized the President to make these loans to any country whose preservation the President of the United States deemed essential to the safety and security of the United States. So that lend-lease was based upon our own safety and security, while Russia has said, through Marshal Stalin, that they could not have successfully fought the Germans without the lend-lease we made available to Russia, and Prime Minister Churchill has said that our lend-lease aid to England played a substantial part in aiding England to fight Germany. That does not rob the act itself of these indications of the basic objective of the loans and leases, which were to aid the United States by preserving and keeping in the war the associated nations which have been fighting against Germany.

It is true that \$4,375,000,000 or approximately \$4,400,000,000 is contemplated as a maximum of loans during the next year.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Of course, they are not loans. They are lend-lease.

Mr. BARKLEY. They are lend-lease.

Mr. TAFT. But that only covers the part that goes through the FEA. It does not cover any of the military lend-lease. It does not cover any of the direct war aid. My point is that since the war in Europe has ended, although war with Japan continues, the \$4,400,000,000 which is going to Europe is, for all practical purposes, a reconstruction loan. In my opinion and in my discussion I intended to separate the two entirely. The lend-lease is one thing and the \$4,400,000,000 is really a postwar rehabilitation loan, in effect.

Mr. BARKLEY. I cannot agree at all with the statement of the Senator on that subject. Mr. Crowley made it plain before the committee yesterday or the day before that all these grants under lend-lease are war grants. Not one of them is for reconstruction or rehabilitation or development—not one. It is true that practically \$1,700,000,000 of it is for food, and it does not include military materials supplied by the Army and Navy. Those are matters of military secrecy, and they are handled by the War and Navy Departments, and not by the lend-lease set-up.

Mr. Crowley also stated that, with one or two exceptions, he is making no contract for lend-lease that extends beyond the 31st of December. So if the war should end in the meantime, lend-lease would for all practical purposes end, and there would be quite a saving out of this

\$4,400,000,000. No new contracts would be made extending beyond the 31st of December if the war should terminate prior to that date, and to that extent, if that should happen, there would be quite a saving. He testified, of course, as we would know, anyhow, that the amount of money saved beyond the 31st of December would depend upon how soon thereafter the war ended. If it ended at any time prior to the end of the fiscal year, there would be some saving; but the sooner it would end the greater would be the saving.

So the \$2,800,000,000 for the Export-Import Bank is not to supplement lend-lease. It is entirely for a different purpose. Although the loans are to be made to foreign governments, they are to be made to facilitate the exportation of American products, and every dollar of it will be spent in the United States.

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. BARKLEY. I yield.

Mr. TAFT. My suggestion is this: We made a lend-lease agreement with France that covers locomotives, machinery, and all kinds of commodities which are helpful to us while the war is on perhaps, and also helpful to rehabilitation. My suggestion is that if that is to be cut off at the end of the war I think it would be a proper use and the intended use of this \$2,800,000,000 to loan France the money to finish up the delivery of those goods. In that sense I think it is a supplement, in time, to the lend-lease program.

Mr. BARKLEY. Of course, I cannot say, nor can the Senator from Ohio say whether any of this \$2,800,000,000 will go to France. I do not know whether it will. But under our lend-lease agreement with France, from the material we had in France at the end of the war, France agreed to buy whatever she might need, and pay the United States according to the value agreed upon by the United States and France. It would be obviously more economical for us to sell a large amount of our surplus material that will be found in Europe to the nations of Europe; especially the material in France. We have sent to Europe more than 300,000 automotive vehicles for war purposes; we have sent more than 30,000 freight cars and approximately 2,000 railway engines. In the reconstruction of those countries undoubtedly they will need much of the surplus material which will be found on the ground in the European countries which have been devastated. The railway system of France has been largely destroyed. Bridges over the rivers, and tracks and yards have been destroyed. For our own purposes we have helped to rehabilitate some of them in order that we might ship our own goods and our own troops over them. But we do not desire to bring all that material back to the United States. It would be uneconomical to do it. If we brought it back here and sold it, it would be sold in competition with the products of American labor currently at work producing the same articles. So it is to our own interest to sell these things to the countries in which they may be found at prices that can be agreed upon. Our agreement with France provides that

she may purchase at prices agreed upon and upon terms fixed by the United States and, of course, agreed to by France to pay for goods she may want to purchase out of things that were sent over as a part of lend-lease, but which we do not desire to reship to the United States, and which may be useful to France, to Belgium, to Holland, and other countries.

So that only indirectly can it be said that what may be purchased out of lend-lease may be used later for reconstruction purposes. But it will be used by the governments that buy it for their own reconstruction under their own plan, and after agreeing to paying the United States for whatever they take.

I do not wish to rehash any of the arguments we have indulged in here all this week about the Fund and the Bank.

It is not necessary to do so. I am happy to believe that the Members of the Senate and the people of the country have a high estimate of the administration of the Export-Import Bank. It has done a fine job. It has facilitated the exportation of American goods, and the proposed increase is solely for that purpose. The form of the loans is a little different because these loans will be made to governments. The purpose is the same, to enable those governments to buy in the United States the products of our labor and our industry and our financial investment.

I am glad to feel that the country endorses the Export-Import Bank and its administration. Not only has it done an excellent job in facilitating the exportation of American goods, but it has made a profit in the enterprise of some \$42,-

000,000, which is not a bad showing. Even if none of the loans which are now in default should ever be repaid, it would have a very comfortable and probably an unexpected profit out of its operations, beyond what we thought it would have when we created the Bank.

Mr. President, I am glad there is no opposition to this measure, and I hope it will be adopted without amendment so that it can be sent immediately to the President.

Mr. TAFT. Mr. President, before passage of the bill I ask to have inserted in the RECORD a table showing the growth of the Export-Import Bank, which I think would be very useful for anyone studying the history of the Bank.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Growth of Export-Import Bank¹

Laws	Date	Capital stock	Lending power (borrowing power)	Other information
Executive Order 6581.....	Feb. 2, 1934	² \$11,000,000	Apparently unlimited.....	Bank an independent agency set up under authority granted President by National Industrial Recovery Act June 16, 1933. Preferred stock obtained from RFC.
Public, No. 1, 74th Cong., 1st sess., 49 Stat. 4.....	Jan. 31, 1935	(³)	do.....	Bank authorized "with the approval of the Secretary of the Treasury to borrow money" for the purposes aforesaid (aid in financing exports and imports between United States and foreign countries). Continued Bank until June 30, 1937.
Public, No. 2, 75th Cong., 1st sess., 50 Stat. 5.....	Jan. 26, 1927	(³)	do.....	Continued Bank to June 30, 1939.
Public, No. 3, 76th Cong., 1st sess., 53 Stat. 511.....	Apr. 4, 1939	(³)	\$100,000,000.....	Put limit of \$100,000,000 on lending power; extended life of Bank to June 30, 1941.
Do.....	July 1, 1939			Grouped with other agencies to form Federal Loan Agency, reorganization plan I, pt. 4, sec. 402 (c).
Public, No. 420, 76th Cong., 3d sess., 54 Stat. 38.....	Mar. 2, 1940	(⁴)	\$200,000,000.....	Increased the limit of lending power to \$200,000,000.
Public, No. 792, 76th Cong., 3d sess., 54 Stat. 961.....	Sept. 26, 1940	(⁵)	\$700,000,000.....	Increased limit of lending power from \$200,000,000 to \$700,000,000 and extended bank to Jan. 22, 1947.
Executive Order 9071.....	Feb. 24, 1942			Transferred Bank to Department of Commerce under direction of Secretary of Commerce.
Executive Order 9361.....	July 15, 1943			Transferred Bank from Commerce Department to Office of Economic Warfare.
Executive Order 9380.....	Sept. 25, 1943			Bank consolidated into FEA when FEA created.
H. R. 3771, 79th Cong., 1st sess.....		⁶ \$1,000,000,000	\$3,500,000,000.....	Bank to be made independent agency (no mention of duration of Bank).

¹ The Second Export-Import Bank dealt only with Cuba, was of short duration and was finally absorbed into the Export-Import Bank.

² Common stock, \$1,000,000; preferred stock, \$10,000,000, obtained from Reconstruction Finance Corporation. As greater capital funds were needed the Bank issued preferred stock to RFC, after periodic amendments to art. 3 of the Bank's corporate charter, thereby increasing its total capital stock and lending power.

³ Limit of \$100,000,000 put on lending power. This automatically put a limit on the capital stock, \$1,000,000 of which was the original common stock and \$99,000,000 of which could be preferred stock issued to RFC.

⁴ Same as (³) except that limit on lending power raised to \$200,000,000.

⁵ Same as (³) except that limit on lending power raised this time to \$700,000,000, not more than \$500,000,000 of which could be loaned to countries of the Western Hemisphere.

⁶ Total authorized capital stock to be \$1,000,000,000—certificates to be issued by the Bank to the President of the United States. Borrowing authority of \$2,500,000,000 to be obtained by issuing notes to the Secretary of the Treasury. Funds over \$1,000,000,000 capital not to be considered capital stock of the Bank. Total capital funds, i. e., loaning authority, to be \$1,000,000,000+\$2,500,000,000=\$3,500,000,000.

Mr. CORDON subsequently said: Mr. President, earlier in the afternoon the Senate passed the bill extending the powers of the Export-Import Bank. I believe that the RECORD should carry a copy of the Executive order which created the bank and defined its powers in the first instance. I think it would be more effective and useful in time to come if the RECORD is made complete in that respect. Therefore I ask unanimous consent that Executive Order No. 6581 of February 2, 1934, creating the bank be printed in the RECORD immediately following the completion of the proceedings of today in connection with the passage of the bill so that the RECORD will be complete at that particular place.

There being no objection, the Executive order was ordered to be printed in the RECORD, as follows:

EXECUTIVE ORDER 6581—AUTHORIZING THE FORMATION OF A BANKING CORPORATION TO BE KNOWN AS EXPORT-IMPORT BANK OF WASHINGTON

Whereas the Congress of the United States has declared that a national emergency exists by reason of widespread unemployment and disorganization of industry; and has

declared it to be the policy of Congress to remove obstacles to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, to provide for the general welfare, by promoting the fullest possible utilization of the present productive capacities of industries, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry; and

Whereas in order to meet said emergency and to provide the relief necessary to protect the general welfare of the people the Congress has enacted, inter alia, the following acts:

1. National Industrial Recovery Act, approved June 16, 1933;

2. Reconstruction Finance Corporation Act, approved January 22, 1932;

3. Bank Construction Act, approved March 9, 1933; and

Whereas in order effectively and efficiently to carry but the provisions of said acts it is expedient and necessary that a banking corporation be organized with power to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States and other nations or the agencies or nationals thereof;

Now, therefore, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is

hereby declared that an agency, to wit: a banking corporation, be created pursuant to title 5, chapter 9, section 261 of the Code of the District of Columbia, under the name of Export-Import Bank of Washington.

The governing body of said corporation shall consist of a board of trustees composed of five members, and the following persons, who have been invited and who have given their consent to serve, shall act as incorporators and shall handle the concerns of the corporation for the first year:

Daniel C. Roper, Secretary of Commerce.

Robert F. Kelley, Chief of the Division of Eastern European Affairs, Department of State.

Chester C. Davis, Administrator, Agricultural Adjustment Administration.

Stanley Reed, General Counsel, Reconstruction Finance Corporation.

Lynn P. Talley, Executive Assistant to the Directors of the Reconstruction Finance Corporation.

The operations of the corporation shall be carried on in the District of Columbia, and the main office of the corporation shall be at 1825 H Street NW., Washington, D. C.

The amount of capital stock of the corporation shall be \$11,000,000, divided into classes and shares as follows:

(1) One million dollars par value of common stock, divided into 10,000 shares of the par value of \$100 each; and

(b) Ten million dollars par value of preferred stock, divided into 10,000 shares of the par value of \$1,000 each.

The Secretary of State and the Secretary of Commerce are hereby authorized and directed to cause said corporation to be formed, with such certificate of incorporation, and bylaws, as they shall deem requisite and necessary to define the methods by which the corporation shall conduct its business.

The persons above named are authorized and directed to subscribe for all of the common capital stock for the use and benefit of the United States, of which amount five shares may be held in the respective names of the initial trustees and their successors if required by the law under which said banking corporation is incorporated.

There is hereby set aside for the purpose of subscribing for the common capital stock of said corporation the sum of \$1,000,000 out of the appropriation of \$3,300,000,000 authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public, No. 77, 73d Cong.).

It is hereby further directed that any common stock in said corporation standing on the name of the United States shall be voted by such person or persons as they—the Secretary of State and the Secretary of Commerce—shall appoint as their joint agent or agents for that purpose. Any vacancies occurring in the initial board of trustee shall be filled by the board of trustees, subject to the approval of the President of the United States.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 2, 1934.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H. R. 3771) was ordered to a third reading, read the third time, and passed.

FEDERAL FARM PROGRAMS AND WAR FOOD PRODUCTION

Mr. GUFFEY. Mr. President, it would be a great mistake if the public were led to believe that the new Secretary of Agriculture is a miracle man.

He is an aggressive administrator, and his experience in Congress will contribute to his success. He has received complaints against the inevitable necessities of a wartime program of food production and food consumption, but there is little he can do except consolidate the gains made by his predecessors in securing the remarkable food production of the past 4 years, and try to bring about a better distribution of that food production.

When we hear advice from men who have no accomplishments behind their words demanding that the United States adopt the policy of the dictators in empowering a food czar to enforce a food program on this country, we have nothing new and startling in political philosophy. When Mr. Hoover handled the food situation during the last World War we had 30-cent sugar and only a spoonful to a cup of coffee. We had 90-cent butter, and only enough for the rich to spread on their bread. We had 35-cent gasoline to power the wagons of the big packers when meat was served twice and three times a week.

With a war of dwarf dimensions compared with this one Mr. Hoover, the idol of the reactionaries, increased the food supply of America a mere 5 percent. Yet there are people today who want us to chart our food policies after his program of 1917-18 and forget the fact that we have increased our present food production program 50 percent above his best record, and 37 percent above our prewar level. This country may be relieved of the thought that we are headed back to Hooverism, to czarism, or to Bromfieldism.

We are not headed back to the days of Hoover, off to the dreams of Bromfield and his works of fiction, or out to the ways of Hitler and Mussolini, autocratic czars and dictators.

The gigantic success of the war food program has come first from the undisturbed patriotism of the American farmer. He knew what his job was, and he set about to do it, as he was privileged to do under the democratic food program set up by Henry Wallace a decade ago.

These democratic processes were set up 10 years ago, because it was in the early part of the Roosevelt administration that Henry Wallace licked the depression, through the elected representatives of farmers in every community of the country, to carry to the farmer an over-all plan to lift the farmers to a level of parity income.

These are the democratic committees that carried the war food program to the American farmers, and having learned to trust these neighbor committeemen in the past, the farmer responded to the impulses of patriotic service inspired by these committeemen and followed definite goals that have not only produced tremendous quantities of food but have produced the kind of food products most needed by the armed and civilian populations of the earth.

The war food program has not been a success because of one man or a handful of men. It has been the job of thousands of men, acting as mobilizers of production, and millions of farmers who believed in a democratic system of doing the job.

Mr. Bromfield is a farmer who has been successful during a war boom. He has never farmed through a depression. He says that farmers were not given enough machinery because bunglers at Washington found it necessary to use steel to build a wall of tanks and ships between our boys and the enemy.

It is true that farmers did not have enough machinery to do the job that was given them, but the farmer knew the job had to be done, and he did it with his bare hands when necessary. What little machinery was available, it is true, did not go to the dude ranchers and farms of fiction writers. Committees of farmers met weekly and allocated the few machines that were available to the farms where production demanded the best equipment. The available machinery was allotted to the most productive farms, and that is what counted in the war food goals.

It is probably true that the speed of the war program brought on some in-

equities and created some misfits in personnel. Every war program brings forth some visionary persons with patriotic fervor to do something for their country. Every war program brings on some mercenary businessmen who want to get on the inside track for the sake of their business.

The war food program has been saddled with a few dollar-a-year men who never separated their past interests from their war responsibilities. Most, if not all, of these are not now connected with the war food program. Secretary Anderson will move against any visionary and mercenary misfits. He will only fortify the work of the men who have performed so magnificently in the past 10 years.

The variety of agricultural programs devised by Congress in the past decade may be somewhat confusing to farmers—and to the great mass of American citizens.

Secretary Anderson, a man with congressional experience, is eminently fitted to recommend a cure for any evils which an overanxious Congress created through various farm programs during a time when pressure came from all sides for the doing of something to relieve the farm situation.

In new fields of legislation a trial-and-error method is set up to determine which of the farm programs possess the greatest virtues and fulfill the greatest needs; that trial-and-error plan has been tested in the fire of war.

Secretary Anderson will now be able to appraise the systems that have operated to the greatest satisfaction of farmers and with the greatest service to our war program.

The time has come for a just appraisal of all functioning programs and the making of consolidations which will bring about a less confusing picture to farmers and a more economical vehicle of government. When we were fighting a depression and when we were fighting a war we found it necessary to move without too serious regard for economy.

Today—as we face ultimate victory in the not-too-distant future—we must give thought to the consolidations necessary to economies of the postwar period.

The various agricultural acts of the Roosevelt administration seem to have weathered the storm of protest by our political adversaries and to have come through the depression and the war with flying colors.

During our testing period by trial and error we are well satisfied that rural electrification has been successful in bringing the comforts and conveniences of city life to millions of American farmers. The 14 rural electrification cooperatives of Pennsylvania have brought new meaning to farm life in the Keystone State.

The Farm Security Administration has brought to the underprivileged farmer a chance to live with the more fortunate farmers who, through birth, marriage, or prestige, have financial resources or a backlog of credit for farm operations.

The Soil Conservation Service has taken long strides in saving our soil resources for future generations, and the Agricultural Adjustment Agency and its

fundamental democratic farmer-elected committees have brought new fertility with conservation practices, so that uniformly high production comes from farms of a community in the great war-food program.

Farmers have not been told how to do it. They have been shown how, and they have been given the tools with which to do it.

Our war-food program has been successful because the Federal Government has been willing to make an investment in agricultural advancement.

After wealth had been sent from country to city for many generations, the Roosevelt administration provided a way to send some wealth from the city back to the country. Having provided these tools, we now need an organized tool house.

Some States found it profitable, during the depression, to use public-works money for agricultural buildings in each county. All the agricultural programs were housed under one roof.

During the war, a farmer who wanted machinery and credit got them in the same house. If his wife wanted to know how to use a pressure cooker, she went to the Agricultural Building and had the opportunity of watching a demonstration.

With a little auditorium for farm meetings, community or county elections of AAA committeemen, farm-security demonstrations, or 4-H Club round-ups, these buildings gave operating space for the agricultural programs of a county and fulfilled as worthy a purpose as Federal buildings for the distribution of mail.

As we face the future, we should think about the consolidation of Federal farm programs under one roof and tie that necessity to our plan for postwar developments in connection with public works. Every county in Pennsylvania should have an agricultural building for the convenience and service of Pennsylvania farmers.

CALL OF THE ROLL

Mr. HILL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gurney	Murray
Andrews	Hart	Myers
Austin	Hatch	O'Daniel
Ball	Hawkes	O'Mahoney
Barkley	Hayden	Radcliffe
Bilbo	Hickenlooper	Revercomb
Brewster	Hill	Robertson
Briggs	Hoey	Russell
Brooks	Johnson, Colo.	Saltonstall
Buck	Johnston, S. C.	Shipstead
Burton	Kilgore	Smith
Bushfield	La Follette	Stewart
Butler	Langer	Taft
Byrd	Lucas	Taylor
Capehart	McCarran	Thomas, Okla.
Capper	McClellan	Tobey
Chandler	McFarland	Tunnell
Chavez	McKellar	Tydings
Cordon	McMahon	Vandenberg
Donnell	Magnuson	Wagner
Downey	Maybank	Walsh
Eastland	Mead	Wheeler
Ellender	Millikin	Wherry
Ferguson	Mitchell	White
Fulbright	Moore	Wiley
George	Morse	Willis
Guffey	Murdock	Yung

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present.

THE CALENDAR

Mr. HILL. Mr. President, I ask that the Senate proceed to the consideration of measures on the calendar to which there is no objection, beginning where the last call terminated, at No. 450.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will proceed to call the calendar.

CONVEYANCE OF LANDS TO SPRINGFIELD TOWNSHIP, MONTGOMERY COUNTY, PA.

The bill (H. R. 2285) to authorize the Secretary of Agriculture to grant and convey to Springfield Township, Montgomery County, Pa., certain lands of the United States in Springfield Township, Montgomery County, Pa., for highway purposes and for ornamental-park purposes was considered, ordered to a third reading, read the third time, and passed.

CONSTRUCTION OF RURAL POST ROADS

The bill (H. R. 169) to amend sec. 8 of the act entitled "An act to amend the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads'" was considered, ordered to a third reading, read the third time, and passed.

RECOGNITION OF SERVICE OF MERCHANT SAILORS

The bill (H. R. 2581) to amend the act entitled "An act to provide for the issuance of devices in recognition of the services of merchant sailors was considered, ordered to a third reading, read the third time, and passed.

PAPERS RELATING TO THE TERRITORIES OF THE UNITED STATES

The bill (H. R. 2522) to authorize the Secretary of State to continue to completion the collecting, editing, and publishing of official papers relating to the Territories of the United States was considered, ordered to a third reading, read the third time, and passed.

CLAIMS FOR DAMAGES OCCASIONED BY ARMY, NAVY, AND MARINE CORPS

The bill (S. 936) to amend the act approved January 2, 1942, as amended by the act approved April 22, 1943, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army Navy, and Marine Corps forces in foreign countries" was announced as next in order.

The PRESIDENT pro tempore. This bill is the same as Calendar No. 490, House bill 3111; and, without objection, the Senate will proceed to the consideration of the House bill.

There being no objection, the bill (H. R. 3111) to amend the act approved January 2, 1942, as amended, approved April 22, 1943, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries" was considered, ordered to a third reading, read the third time, and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 936 will be indefinitely postponed.

SHORE LINE INVESTIGATION

The Senate proceeded to consider the bill (H. R. 2032) authorizing general shoreline investigation at Federal expense and to repeal an act for the improvement and protection of the beaches along the shores of the United States, approved June 26, 1936.

Mr. AUSTIN. Mr. President, I move to amend the bill on page 2, line 10, after the name "Lakes" and the comma, by inserting the words "Lake Champlain." I have taken the matter up with the Senator from Wyoming [Mr. ROBERTSON], who reported the bill, and the amendment is entirely satisfactory to him.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Vermont.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

TERMS OF THE UNITED STATES DISTRICT COURT, DISTRICT OF NEVADA

The bill (S. 940) to provide for terms of the District Court of the United States for the District of Nevada was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 94 of the Judicial Code, as amended (U. S. C., title 28, sec. 174), is amended to read as follows:

"The State of Nevada shall constitute one judicial district, to be known as the district of Nevada. Terms of the district court shall be held at Carson City on the first Mondays in February and May, at Las Vegas on the first Mondays in March and October, at Reno on the first Mondays in January and June, and at Elko on the first Monday in November: *Provided*, That suitable accommodations for holding court at Elko shall be provided by the local authorities but only until such time as such accommodations shall be provided upon the recommendation of the Director of the Administrative Office of the United States Courts in a public building or other quarters provided by the Federal Government for such purpose."

MEDALS TO NEXT OF KIN OF PERSONS IN THE MILITARY OR NAVAL SERVICE

The Senate proceeded to consider the joint resolution (S. J. Res. 49) authorizing the presentation of medals to the widows, children, or mothers of persons who lose their lives in the military or naval service during World War II, which had been reported from the Committee on Military Affairs, with amendments, on page 1, line 6, after the words "to the", to strike out "widow, or if there is no surviving widow to the eldest child, or if there is no surviving widow or child to the mother" and to insert "next of kin"; in line 9, after the word "life", to insert "in line of duty"; on page 2, line 1, after the word "serving", to strike out "on active duty" and to insert "actively"; and on page 2, line 5, after the period, to insert "For the purposes of this act, the next of kin of any such person shall

purpose, in order that there may be a sufficient supply of coal to meet the demands during the coming winter for coal for war purposes and for domestic purposes. It seems to me that situation emphasizes the importance of this proposed legislation and takes it out of the category of legislation relative to occupations in other industries where there is a shortage which is not comparable to the shortage in the coal industry.

Mr. REVERCOMB. Mr. President, I am glad to hear the majority leader make that statement, and I concur in it. It is a known fact that the coal-mining industry is an unusual one. A man who is to be a coal miner must almost be raised in the mines. He must know his work.

This measure would take, by means of furlough, from those serving in the armed forces and now within this country, only men who have worked in the mines and who wish to go back there and work, and who will work in the mines during the time of their furloughs.

Adoption of the concurrent resolution is requested because we face a national emergency situation which must be met or else we will suffer nationally.

I hope the Senator from South Dakota will not insist on his objection, and I hope we may proceed to consider and to adopt the concurrent resolution which, as I have said, is but a request. I was informed only a few moments ago that its adoption is urged by one who knows this situation and who apprehends what lies ahead. We should let the furloughing of the 10,000 men who are all ready for discharge under the point system be expedited so that they may return at once, so that those men, who are to be used as miners, may go on furlough and may, by working in the mines, produce the coal needed by this country.

We are asking that that be done. Of course, if it cannot be done, if the War Department says that their use in the way requested will not fit into the plan for conducting the war, the War Department will not need to comply with the request. The War Department would not be commanded to do so; it would not be directed or ordered by law to do so. But the country needs the services of these men in the mines and needs them now. That is, indeed, the greatest service for national good that these men may be called upon to perform.

Mr. President, I hope the concurrent resolution will be adopted.

Mr. GURNEY. I should like to make one further statement. It is simply impossible for me to agree that the concurrent resolution be adopted. In fact, the matter is so serious that I would wish to have a yea-and-nay vote on it. We have not heard from the other interested party affected by the measure. The Secretary of the Interior says he needs the men for coal mining. I should like to call up the Secretary of Agriculture and find out whether men are needed on the farms. I should like to ask Mr. Ickes whether he needs men in the lumber camps, and I should like to

ask a few others whether they think men are needed elsewhere.

However, the group which has been left entirely out of consideration are the military forces who would be so vitally affected. While the concurrent resolution merely provides that the War Department be urged to do these things, still it is rather hard for the Military Establishment to get around a request by the Congress.

Therefore, Mr. President, I repeat my objection.

The PRESIDENT pro tempore. Objection being heard, the concurrent resolution will be passed over.

Mr. BARKLEY. That completes the calendar.

The PRESIDENT pro tempore. The Chair desires to state that the short form by which the measures on the calendar were passed was used because practically all of them are claims bills. For that reason the short form was used.

REFERENCE OF MISSOURI VALLEY AUTHORITY BILL—RESOLUTION INDEFINITELY POSTPONED

Mr. BARKLEY. Mr. President, I move that the Senate proceed to consider House Joint Resolution 145, Calendar No. 353.

Mr. McCARRAN. Mr. President, before the Senator makes that motion, will he yield to me, so that I may make a motion regarding a resolution on the calendar which I desire to have removed from the calendar?

Mr. BARKLEY. I yield for that purpose.

Mr. McCARRAN. I refer to Senate Resolution 93, which is found on the calendar under the heading "Subjects on the table." Adoption of that resolution has now become unnecessary, because by agreement the bill affected by the resolution was referred to the Committee on Irrigation and Reclamation.

Therefore, Mr. President, I move that Senate Resolution 93 be indefinitely postponed.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

NOTICE OF CONSIDERATION OF PUBLIC AIRPORTS BILL

Mr. McCARRAN. Mr. President, will the Senator from Kentucky yield to me, so that I may make a statement with regard to Senate bill 2, Calendar No. 220?

Mr. BARKLEY. That measure was not called during today's call of the calendar.

Mr. McCARRAN. That is correct; it was not.

The PRESIDENT pro tempore. The call of the calendar commenced with Calendar No. 450.

Mr. McCARRAN. I merely asked the Senator from Kentucky to yield to me so that I might make a statement regarding the bill.

Mr. President, I refer to Senate bill No. 2, the so-called airport bill. I wish the Senate to know that as soon as possible after the Senate reconvenes following the approaching recess, the Senator in charge of the bill will attempt to

have it brought before the Senate for consideration.

APPLICATION OF PROVISIONS OF EXPORT-IMPORT BANK BILL TO THE PHILIPPINES

Mr. TYDINGS. Mr. President, will the Senator from Kentucky yield to me before he makes his motion, so that I may make a statement?

Mr. BARKLEY. I yield.

Mr. TYDINGS. A while ago the Senate passed the Export-Import Bank bill. While the bill was pending before the Senate it was brought out that perhaps the Philippine Islands would not be entitled to participate with other foreign nations in receiving the benefit of the bill. It was suggested that an amendment to the bill including the Philippine Islands be adopted. Because the adoption of such an amendment would have taken the bill to conference and would thus perhaps delay or kill the whole legislation, the Senator from Maryland did not offer the amendment, but on this subject he would like to offer a concurrent resolution and call for its immediate consideration. I believe it would bring on no debate. It would correct the situation referred to, so that when the bill is finally enacted the desired result relative to the Philippine Islands may be obtained.

Mr. BARKLEY. Mr. President, it is likely that the Senate will be in session practically all afternoon. The measure for which I am about to move consideration by the Senate has been on the calendar for some time, and farmers and farm groups in the United States are interested in having action taken on it. I think we should proceed to its consideration now.

MEMBERSHIP OF THE UNITED STATES IN THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

The PRESIDENT pro tempore. Does the Senator from Kentucky make his motion at this time?

Mr. BARKLEY. Mr. President, I therefore move that the Senate proceed to the consideration of Calendar No. 353, House Joint Resolution 145, providing for membership of the United States in the Food and Agriculture Organization of the United Nations. The joint resolution has been reported from the committee without amendment.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Kentucky.

Mr. REVERCOMB. Mr. President, I find myself compelled to object to adoption of the motion to proceed to the consideration of the measure at this time because it deals with one of the arrangements by which this country would enter into another international compact. The measure would be so far-reaching in its effect on the people of this country, particularly those engaged in agriculture, that I think it should be given most careful and extended consideration.

In order that the Senate may know what passage of the joint resolution would mean, I desire to call attention to a conference which was held at Hot Springs, Va. Some Members of the Sen-

ate will remember it, and, of course, it has heretofore been referred to. In the month of May 1943 the representatives of approximately 20 nations met at Hot Springs, Va., in what was known as a United Nations Conference on Food and Agriculture. Many Senators will recall that it was a very secret and guarded conference. At that time the press announced to the people of this country that the reporters and other representatives of the press were not allowed to go near those meetings. The sessions were held behind closed doors. Soldiers were stationed on the grounds of the hotel in which the meeting was being held.

Out of that meeting came what is known as the Final Act and Section Reports of the United Nations Conference on Food and Agriculture. I wish to invite the attention of the Senate, and particularly of those Senators who are interested in agriculture and come from agricultural States, to some of the provisions and recommendations which are contained in the report.

On page 23 of the report I find in section XXII the following:

"Occupational adjustments in rural populations. The United Nations Conference on Food and Agriculture—

- Mr. LANGER. Mr. President, from what page of the report is the Senator reading?

Mr. REVERCOMB. From page 23.

Mr. LANGER. In the copy which I hold before me there is no page 23.

Mr. REVERCOMB. The Senator must be reading from a different copy because I am reading from page 23 of the report which I have before me.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. AUSTIN. I invite attention of the Senator from West Virginia to the fact that the report which he has before him is not accurate, and does not reflect what is now before the Senate. The report which the Senator has before him relates merely to the beginning of the negotiations which were ultimately submitted to 44 separate countries, and subsequently came back in a quite different form. If the Senator wishes to address himself to the matter before him, he will find Report No. 353, accompanying House Joint Resolution 145, relates to the matter now before the Senate. The report which the Senator has before him has been greatly changed.

Mr. REVERCOMB. Mr. President, I of course want to speak to the subject matter before the Senate. The issue which is before us grew out of what occurred on the occasion to which I have referred, and I am speaking of the recommendations which were signed by the representatives of the countries which were represented at the Conference, including representatives of the United States of America. When one reads the recommendations upon which this action was taken, and which was signed by the representatives of this country, one feels as I do, and is shocked and surprised.

Mr. BUSHFIELD. I invite the Senator's attention to the joint resolution which is the subject of the motion now before the Senate. The resolution reads:

That the President is hereby authorized to accept membership for the United States in the Food and Agriculture Organization of the United Nations, the constitution of which is set forth in appendix 1 of the First Report of the Governments of the United Nations.

Evidently that is the report to which the Senator is referring.

Mr. REVERCOMB. No; I believe that the report which is referred to in the joint resolution came later. It was made in August 1944. I am referring to the first report, which is entitled, "Final Act and Election Reports of the United Nations Conference on Food and Agriculture." It was the preliminary step taken prior to the final so-called constitution which was written at a later date, and to which I assume the able Senator from Vermont has referred.

I read from page 23 of the report. This is the final act which came from the United Nations Conference on Food and Agriculture held at Hot Springs, Va.:

SECTION XXII. OCCUPATIONAL ADJUSTMENTS IN RURAL POPULATIONS

The United Nations Conference on Food and Agriculture recommend—

And I repeat that the representatives of our Government recommended this, together with the representatives of the other nations who were represented at the Conference—

1. That, in order to effect the necessary occupational adjustments in agricultural populations:

(a) Agricultural efficiency should be improved and new lands brought under cultivation wherever possible.

(b) Areas which have a large agricultural population in relation to their agricultural resources should:

(I) Develop industries suitable to the area, particularly for the processing and preserving of the agricultural produce of the country, and, where feasible, for the manufacture of machinery, fertilizer, and equipment needed for agriculture;

(II) Be encouraged wherever it is economically sound to supply processed articles instead of the raw product, and in particular to take advantage of any reductions of trade barriers in the importing countries;

(III) Be assisted in securing capital for the development of industrial and transportation facilities and for the development of export outlets for processed products;

(IV) Be assisted in securing facilities for the importation of machinery and tools where such are necessary;

(V) Be assisted in securing and training technical personnel;

(VI) Undertake programs of public works and, where necessary, be assisted in securing technical advice and access to capital;

(VII) Develop sources of employment of public and private services;

Down to that point—

Mr. AUSTIN. Mr. President, will the Senator yield at that point?

Mr. REVERCOMB. I will yield in a moment. Down to that point I have read recommendations which are probably very laudable, but I shall continue to read something else which I wish to call to the attention of the Senate. Before doing so, however, I yield to the Senator from Vermont.

Mr. AUSTIN. I ask the Senator to point out where, in the constitution of this organization, there is anything like what the Senator has been reading.

Mr. REVERCOMB. Whatever may be contained in the constitution, or whatever may be the power that was placed in it, what I have read reveals better than anything else which could be read before the Senate, the intent and purpose of the actors under the constitution.

I continue to read the recommendations:

(c) Where agricultural settlements are possible, appropriate steps should be taken to facilitate the movement of people from overmanned agricultural areas.

That is a part of the recommendations. I repeat:

Where agricultural settlements are possible, appropriate steps should be taken to facilitate the movement of people from overmanned agricultural areas.

What I have read is a recommendation to transfer people from one area to another, taking them from overmanned agricultural areas. Of course, we will not find anything like that written into the constitution. What I have read is only a declaration of the purposes and objects of those who brought the constitution into being.

Mr. BUSHFIELD. Mr. President, will the Senator yield?

Mr. REVERCOMB. I will yield in a moment.

If I read the language correctly, it means that if those who are given authority under the constitution of the United Nations Organization on food find that there is an overmanned agricultural area in some section of the country, appropriate steps may be taken to facilitate the movement of people from it. Have we to come to the point in this country where we will subscribe to an organization which will direct the movement of people engaged in agricultural work from an overmanned area to another area? I hope not.

I now yield to the Senator from South Dakota.

Mr. BUSHFIELD. Let me ask the Senator, who is to decide when Jones and Smith and others in a community are overmanning the community and should remove to some other country?

Mr. REVERCOMB. I take it the organization set up under the United Nations food constitution will decide that. This is the declared purpose of the people who brought into being the constitution which we are asked to subscribe to at this time.

Mr. President, I discuss this question at some length because I feel that perhaps none of us has given the thought and time to this important question which should be given to it. Not until a short time ago today did I know that the joint resolution would be called up for consideration on the floor of the Senate today, and I hope its consideration will be delayed so that we may all give some thought to it.

I wish to proceed now to read from the recommendation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. BARKLEY. This joint resolution was called on the calendar weeks ago, and its consideration was postponed on account of the fact that the Senator from Vermont, who had made the re-

July
1871

[PUBLIC LAW 173—79TH CONGRESS]

[CHAPTER 341—1ST SESSION]

[H. R. 3771]

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945".

SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but suc-

cessors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of \$12,000 per annum, unless he is an officer of the Bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

(b) A majority of the Board of Directors shall constitute a quorum.

(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

SEC. 4. The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to

call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time, to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5. (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank.

SEC. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and

the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof.

SEC. 9. The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

Approved July 31, 1945.

